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PAPER MERCHANT PERFORMANCE

FOR THE YEAR 1981

PAPER MERCHANT PERFORMANCE TRENDS FOR THE YEARS 1972-1981

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NATIONAL PAPER TRADE ASSOCIATION, INC

111 GREAT NECK ROAD

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ONE HUNDRED DOLLARS

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INTRODUCTION PAPER MERCHANT PERFORMANCE

FOR THE YEAR 1981

Paper Merchant Performance for the Year 1981 reports the results of a survey of the operations of participating members of the National Paper Trade Association (NPTA) for the calendar year 1981. The survey was designed by the Management Information Committee of the NPTA and Management Foresight, Inc. (MFI) of Columbus, Ohio. Confidential survey forms were sent directly to MFI by participating firms. (A copy of the questionnaire appears in Appendix G.) MFI then checked and cleaned up the data and produced confidential, individual company reports and Industry Performance Surveys (IPS). The information appearing here has been derived from the IPS. This is the fifth consecutive year in which MFI produced the survey for the NPTA.

This edition of Paper Merchant Performance reports merchant performance information from 1972 with especially intensive coverage beginning with MFI's calculations for the 1977 business year. The text of this report is organized into four chapters according to commodity emphasis groupings that are explained in each chapter.

243 firms, regional divisions and/or branches submitted survey forms. The participating firms represented $5.7 billion dollars in 1981 sales. (See Appendix A for the numbers of participants and their sales characteristics.)

As in the past, each survey participant received a confidential, individualized Performance Analysis Report (PAR) which compared his firm's performance to the performances of similar groups of firms in the industry. Each PAR contains extensive operational and performance results for the individual firm and for the industry.

The text of this report is organized into four chapters according to commodity emphasis groupings that are explained in each chapter. Performance measures appear in the form of composite means. Appendices define the measures and explain the survey's methodology.

Minor variations exist between some of Chapter One's reported values and subsequent chapters' values because Chapter One's results were computed separately from the later chapters' results with intervening changes in the respective data bases. Where such differences exist, values in the later chapters are the values of choice.

The basic format of each chapter is a presentation and discussion of roughly forty key financial management measures of that chapter's product emphasis group's performance. In its fullest extent, the PAR survey generates more than 400 measures, and the member who participates in the survey receives in his confidential company PAR much more management information than is contained in Paper Merchant Performance. For information in how your company can participate in the survey, contact Research Director Denis A. Scrandis at (516) 829-3070.

CHAPTER ONE OVERALL PAPER MERCHANT PERFORMANCE

The NPTA's members distribute industrial and printing paper products; some members specialize in one or the other commodity line; others distribute both commodity lines. With this three way division in product emphases, the NPTA recognizes three major groups of paper merchants, namely, industrial paper merchants, printing paper merchants and dual paper merchants. This chapter reports summary performance measures for each of these major groups as well as for an all-inclusive grouping that embraces all three product emphasis groups, that is, the all paper merchant firms group. The three major groups are discussed in detail in later chapters. (See Appendix A for the characteristics of the major groups of firms and Appendix B for a statement of the survey's methodology.)

EXHIBIT 1

SALES PERFORMANCE MEASURES AND PRICE INDECES FOR 1977-81
(All Values Are Composite Averages)[1]

% SALES CHANGES OVER PRIOR YEAR	1977	1978	1979	1980	1981
ALL PAPER MERCHANT FIRMS (%)	11.61	14.44	17.07	9.74	8.71
ALL PRINTING PAPER FIRMS (%)	13.67	17.58	22.22	7.61	7.87
ALL INDUSTRIAL PAPER FIRMS (%)	7.10	13.40	16.86	11.75	11.40
ALL DUAL PAPER MERCHANT FIRMS (%)	11.62	13.03	14.16	11.54	8.78
CHANGES IN PRICE INDICES					
CHANGE IN PRODUCER PRICE INDEX FOR COMMODITY CODE 091301, PAPER, EXCEPT NEWSPRINT (%)[2]	6.30	10.02	11.87	7.08	11.24
CHANGE IN PRODUCER PRICE INDEX FOR COMMODITY CODE 0915, CONVERTED PAPER AND PAPERBOARD PRODUCTS (%)[3]	3.30	10.27	12.11	10.27	7.56
CHANGE IN CONSUMER PRICE INDEX (%)[4]	6.77	9.64	13.50	12.40	8.9

[1]See Appendix B for a discussion of the composite average concept.
[2]Producer Price Indexes, U.S. Dept. of Labor, Bureau of Labor Statistics. The code group 091301 includes printing paper, book paper, bond wrapping paper, sack paper, buthcher's paper and wax paper. The change in the index is calculated from December to prior Decmber.
[3]Producer Price Indexes. The code group 0915 includes sanitary papers & health products (tissues, towels & napkins), paper bags & shipping sacks, paper boxes and containers, tape, office supplies & accessories and composite cans. The change is calculated from December to prior December.
[4]Consumer Price Index for All Urban Consumers, calculated from December to December.

SALES PERFORMANCE

Exhibit 1 shows that all firms collectively increased sales in 1981 by 8.71% over 1980; however, consumer prices increased by 8.9% during the same period. In 1981, printing paper merchants increased sales by 7.87% while their commodities increased by 11.24%. Industrial merchants increased sales by 11.40% while their commodities increased by 7.56%. Dual merchants increased sales by 8.78%. Only industrial merchants' sales increases in 1981 showed real growth over inflation rates.

PROFITABILITY PERFORMANCE

Exhibit 2 presents the NPTA/MFI profit model which is explained in Appendix C. The model reveals profit management performance in three key management areas, namely, in sales profit margin management, which appears under column 1, in asset management, which appears under column 2, and in financial position management, which appears under column 4. (Appendix D defines these measures.)

Column 5 of Exhibit 2 indicates that all firms' return on net worth dropped some four percentage points to 23.85% in 1981. This decline was lead by printing paper firms who dropped five points to 24.30% and dual firms who declined four points to 23.95%. Industrial firms showed a half point increase to 22.15%

Column 4 of Exhibit 2 shows that all firms' financial leverage multiplier was reduced to 1.81X in 1981. This reduction was lead by printing paper firms who brought their leverage multiplier down to 1.72X and industrial firms who reduced their multiplier to 1.99X. All dual firms increased their leaverage slightly to 1.85X.

Column 3 of Exhibit 2 reports that all firms' return on total assets decreased by half a percentage point to 13.86% in 1981. All printing firms and all duals both dropped by roughly eight tenths of a point to 14.20% and 14.55% respectively. All industrial firms rose by the same amount to 10.94% which was their best performance since 1977.

The profit model views return on total asset performance as the result of sales profit margin management, which appears under column 1, and asset turnover management, which appears under column 2. All firms, all printing firms and all dual firms showed lower returns on total assets in 1981; their assets turnover measures were basically unchanged; and, the causes of reduced returns on total asset performances for these groups of firms appear to lie in lower sales profit margin management performances. All industrial firms showed a higher return on total assets in 1981 which was apparently due to better sales and asset management performances.

Column 6 of Exhibit 2 reports the measure Return On Capital Employed. All firms droped in 1981 by roughly two percent to 21.68%. This drop was lead by all dual firms who dropped more than three percent to 21.28% and all printing paper firms who declined by two percent to 22.78%. All industrial merchants increased by one percent to 19.24%.

In summary, overall industry profitability slipped somewhat in 1981 as producer and consumer prices rose; industrial firms enjoyed better profitability in 1981.

EXHIBIT 2

PROFIT MODEL PERFORMANCE[1]
(Composite Average values)[2]

GROUPS OF PAPER MERCHANT FIRMS		(1) NET PROFIT BEFORE TAX / NET SALES (%)	× (2) NET SALES / TOTAL ASSETS (X)	= (3) NET PROFIT BEFORE TAX / TOTAL ASSETS (%)	× (4) TOTAL ASSETS / NET WORTH (X)	= (5) NET PROFIT BEFORE TAX / NET WORTH (%)	(6) RETURN ON CAPITAL EMPLOYED[3] (%)
ALL FIRMS	1981	3.05	4.52	13.86	1.81	23.85	21.68
	1980	3.24	4.52	14.39	1.92	27.66	23.71
	1979	3.18	4.37	13.52	2.01	27.30	23.16
	1978	2.62	4.44	11.24	2.05	23.08	19.25
	1977	2.64	4.31	11.63	1.88	22.17	20.87
ALL PRINTING PAPER FIRMS	1981	3.11	4.54	14.20	1.72	24.30	22.78
	1980	3.28	4.56	14.98	1.93	29.05	24.81
	1979	3.16	4.65	14.53	2.26	33.15	25.72
	1978	2.35	4.41	10.51	2.30	24.32	19.71
	1977	2.65	4.11	11.30	1.79	21.12	22.19
ALL INDUSTRIAL PAPER FIRMS	1981	2.63	4.16	10.94	1.99	22.15	19.24
	1980	2.54	4.00	10.17	2.12	21.63	18.17
	1979	2.31	3.93	9.07	2.03	18.69	15.95
	1978	2.17	4.04	8.74	1.99	17.39	14.74
	1977	2.53	3.83	9.49	2.00	18.97	18.69
ALL DUAL PAPER FIRMS	1981	3.13	4.64	14.55	1.85	23.95	21.28
	1980	3.42	4.66	15.32	1.84	28.14	24.41
	1979	3.41	4.32	14.22	1.87	26.56	23.72
	1978	2.85	4.57	12.40	1.94	23.99	20.23
	1977	2.65	4.53	12.29	1.90	23.40	20.72

[1]See Appendix C for a discussion of the profit model.
[2]See Appendix B for a discussion of composite averages and Appendix D for definitions of measures.
[3]For an explanation of ROCE, see footnote 3, Page 8.

OTHER PERFORMANCE MEASURES

Exhibit 3 presents performance measures for the all firms group.

Warehouse sales increased slightly in 1981 to 52.73% of total sales. The average warehouse order size grew slightly to $288. However, the warehouse gross trading margin decreased to 23.74% of warehouse sales.

Indirect sales performance characteristics were quite different. Indirect sales increased in 1981 to 6.57% of total sales, while the average indirect order size shrank to $587. The indirect gross margin increased to 18.67% of indirect sales.

Direct sales decreased in 1981 to 41.44% of total sales. The average direct order size grew to $3,417. However, the direct gross margin decreased to 8.10% of direct sales.

Net Sales Per Employee grew in 1981 to $274,260, while Gross Profit Per Employee grew to $48,170.

Expense control performance measures

increased in 1981 over 1980 values although most did not reach 1977-78 levels.

Asset management performance measures improved somewhat in 1981. Inventory Turnover rose a tenth of a percent over 1980's low to 5.33X in 1981. Days Receivables Outstanding decreased two tenths of a day from 1980 to 1981 to a five year low of 40.1 days.

EXHIBIT 3

SUMMARY PERFORMANCE MEASURES FOR ALL PAPER MERCHANT FIRMS
(Composite Averages)[1]

SALES PERFORMANCE	1977	1978	1979	1980	1981
SALES CHANGE OVER PRIOR YEAR (%)	11.61	14.44	17.07	9.74	8.71
WAREHOUSE SALES -- % TOTAL SALES (%)[2]	56.19	49.29	50.46	52.41	52.73
INDIRECT SALES -- % TOTAL SALES (%)	--	6.90	5.85	5.56	6.57
WHSE & IND SALES --% TOTAL SALES (%)	--	56.69	57.53	57.42	58.54
DIRECT SALES -- % TOTAL SALES (%)	43.81	43.31	42.47	42.63	41.44
AVERAGE WAREHOUSE ORDER SIZE ($)[2]	230	213	235	271	288
AVERAGE INDIRECT ORDER SIZE ($)	--	500	533	638	587
AVERAGE WHSE & IND ORDER SIZE ($)	--	215	244	281	294
AVERAGE DIRECT ORDER SIZE ($)	2,085	2,591	2,905	3,183	3,417
GROSS PROFIT MARGIN PERFORMANCE					
WAREHOUSE GROSS MARGIN -- % WHSE SALES (%)[2]	22.98	23.38	24.12	24.09	23.74
INDIRECT GROSS MARGIN -- % INDIRECT SALES (%)	--	17.81	19.14	18.54	18.67
WHSE & IND GROSS MARGIN -- % WHSE & IND SALES (%)	--	22.99	23.46	23.86	23.43
DIRECT GROSS MARGIN -- % DIRECT SALES (%)	8.02	8.36	8.78	8.26	8.10
PERSONNEL PRODUCTIVITY PERFORMANCE					
NET SALES PER EMPLOYEE ($000)	193.81	217.08	242.70	258.29	274.26
GROSS MARGIN PER EMPLOYEE ($000)	32.18	35.83	41.55	45.26	48.17
EXPENSE CONTROL PERFORMANCE					
TOTAL EMPLOYEE COMPENSATION -- % GROSS MARGIN (%)	59.16	59.95	57.09	56.37	56.91
SALES SERVICE & SELL EXPENSE -- % GROSS MARGIN (%)	35.57	35.64	34.73	35.50	36.03
NON-PEOPLE EXPENSE -- % GROSS MARGIN (%)	--	--	--	25.39	26.50
OPERATING EXPENSE -- % GROSS MARGIN (%)	84.65	84.46	82.09	81.71	83.34
ASSET MANAGEMENT PERFORMANCE					
INVENTORY TURNOVER (WHSE ONLY: X)[2]	5.89	5.59	5.78	5.23	5.33
DAYS RECEIVABLES OUTSTANDING (DAYS)[3]	40.8	42.5	42.4	40.3	40.1

[1]See Appendix B for a discussion of the composite average.
[2]Data on Indirect Sales were added to the survey in 1978. Appendix E discusses survey additions. In 1977, firms may have accounted for indirect sales as either warehouse or direct sales. Thus, the 1977 survey results for sales mix, gross margin and inventory management are not directly comparable to 1978-81 data.
[3](Ending Accounts Receivable x 365)/Net Sales

CHAPTER TWO PRINTING PAPER MERCHANT PERFORMANCE

Printing paper merchants are paper distributors who obtain 80%, or more, of their sales dollars from the sale of printing paper products. In this survey, printing paper sales include sales of fine paper, envelopes, cut and standard sizes, text and covers and printing supplies (toner, inks, blankets, plates, etc.) as well as punching and cutting as a service of printing paper sales. (See Appendix A for the characteristics of merchants studied in these reports.)

EXHIBIT 4
SALES PERFORMANCE MEASURES FOR PRINTING PAPER MERCHANTS
(All Values Are Composite Averages)[1]

PERFORMANCE MEASURES	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	YOUR FIRM
% SALES CHANGE OVER PRIOR YEAR (%)	--	--	--	--	--	13.7	17.58	22.12	7.49	7.89	
WAREHOUSE SALES[2] -- % TOTAL SALES (%)	49.1	49.1	48.1	52.9	50.7	42.1	39.5	36.5	44.05	43.87	
INDIRECT SALES[2] -- % TOTAL SALES (%)	--	--	--	--	--	--	6.15	4.17	4.64	5.55	
WHSE & IND SALES[2] -- % TOTAL SALES (%)	--	--	--	--	--	--	42.37	41.80	47.23	48.80	
DIRECT SALES[2] -- % TOTAL SALES (%)	--	--	--	--	--	--	57.63	58.20	52.77	51.20	
AVERAGE WAREHOUSE ORDER SIZE ($)	126	156	188	178	179	232	256	299	297	322	
AVERAGE INDIRECT ORDER SIZE ($)	--	--	--	--	--	--	718	886	920	800	
AVERAGE WHSE & IND ORDER SIZE ($)	--	--	--	--	--	--	265	318	314	317	
AVERAGE DIRECT ORDER SIZE ($)	1,324	1,488	3,201	2,755	3,061	3,810	4,026	4,696	4,485	4,864	

Sources: Values for 1976 and earlier: Price Waterhouse and NPTA.
Values for 1977 and later: Management Foresight, Inc.

[1]See Appendix B for a discussion of composite averages.
[2]As discussed in Appendix E, the addition of an "indirect sales" category reduced the comparability of the 1978, and later, sales values to the 1977, and earlier, results. However, the 1978 and later results are mutually comparable.

SALES PERFORMANCE

Exhibit 4 reports nine sales performance measures. Printing paper merchants increased their sales volume in 1981 by 7.89% over 1980's volume.

Merchants use three different methods to distribute paper, and each method involves different merchant functions. This survey studies distribution methods as sales paths, namely, as warehouse sales, as indirect sales and as direct sales. Warehouse sales are sales of products from inventory in the merchant's warehouse. The merchant's prices and margins on warehouse sales contain factors covering the storage, handling, delivery, selling and administrative functions involved. Indirect sales are sales of products that the merchant receives from the manufacturer and immediately delivers to his customers without adding them to his inventory. The merchant's prices and margins on indirect sales contain factors to cover the handling, delivery, selling and administrative functions involved. Direct sales are sales of products that are shipped from the manufacturer to the merchant's customers. The merchant's prices and margins on direct sales contain factors to cover the delivery, selling and administrative functions involved. Sales path margins are reported in the section on profit margin management; and, sales path percentages of total sales are reported here.

The merchants' sales through each of these paths are studied as percentages of total sales. In 1981, Warehouse Sales As a Percentage of Total Sales declined 0.2% to 43.87%; Indirect Sales As a Percentage of Total Sales increased by 0.9% to 5.55%; and, Direct Sales As a Percentage of Total Sales decreased by 1.6% to 51.20%.

Average Warehouse Order Size increased by $25 to $322. Average Indirect Order Size decreased by $120 to roughly $800. Average Direct Order Size increased by $379 to $4,864.

PROFITABILITY PERFORMANCE

The profit model studies the performance of the distribution firm (and industry) in light of its production of profit or increase in resources. (See Appendix C for a discussion of the profit model.) The model is comprehensive; it studies a firm's profit performance on its sales management, on its management of assets as resources used in generating those sales and on its management of assets as they are subject to creditor/owner claims.

The measure Return On Net Worth (RONW) combines sales management, asset management and investment management. Exhibit 5 reports RONW under column 5 as the measure Net Profit Before Tax As a Percentage of Net Worth. Printing paper merchants' RONW declined 4.8% in 1981 to 24.22%. This decline is partially due to a lower financial leverage multiplier of 1.71X which is reported under column 4. Printing paper merchants' leverage multipliers have progressively decreased since 1978. RONW's decline in 1981 is also partly due to weaker sales and assets management performance which is shown under column 3 as the measure Net Profit Before Tax As a Percentage of Total Assets; this measure is also known as Return On Total Assets (ROTA). Printing paper merchants' ROTA dropped 0.65% in 1981 to 14.24%. However, 1981's ROTA performance was the fourth best of the last ten years.

Printing paper merchants' Return On Capital Employed declined 1.94% in 1981 to 22.84%; this performance was the fourth best of the last ten years.

In sum, printing paper merchants maintained relatively good levels of profitability during a year of weak demand and rising prices.

EXHIBIT 5

PRINTING PAPER MERCHANTS' PROFIT MODEL PERFORMANCE[1]
(Composite Average Values)[2]

	(1) NET PROFIT BEFORE TAX / NET SALES (%)	× (2) NET SALES / TOTAL ASSETS (X)	= (3) NET PROFIT BEFORE TAX / TOTAL ASSETS (%)	× (4) TOTAL ASSETS / NET WORTH (X)	= (5) NET PROFIT BEFORE TAX / NET WORTH (%)	(6) RETURN ON CAPITAL EMPLOYED[3] (%)
1981	3.12	4.55	14.24	1.71	24.22	22.84
1980	3.25	4.58	14.89	1.94	29.02	24.78
1979	3.16	4.65	14.53	2.26	33.15	25.72
1978	2.35	4.40	10.50	2.29	24.29	19.63
1977	2.65	4.11	11.30	1.79	21.12	22.19
1976	3.43	3.79	13.00	1.61	20.94	19.5
1975	3.72	3.31	12.31	1.65	20.32	20.9
1974	4.99	3.91	19.50	1.74	33.87	30.9
1973	3.60	3.30	11.89	1.82	21.66	18.4
1972	2.63	3.35	8.81	1.73	15.26	13.9

[1]See Appendix C for a discussion of the MPI Profit Model.
[2]The measures shown under columns 1-5 are computed individually. Therefore, the values in column 3 are the result of dividing Net Profit Before Tax by Total Assets and are not the result of multiplying column 1's values by column 2's values; the values in column 5 are the result of dividing Net Profit Before Tax by Net Worth and are not the result of multiplying column 3's values by column 4's values.
[3]Return on Capital Employed was defined in 1977 and prior years as "net profit before taxes plus interest on borrowed funds minus income from outside investments" divided by "net worth, or owner's equity, plus long term debt minus outside investments". In 1978 and later years, Bank Loans Due In Less Than One Year was added to the denominator of the ratio (the capital invested) to recognize that some, if not most, of the total interest paid by the typical paper distributor resulted from bank loans. See Appendix D for a complete definition of the measure.

PROFIT MARGIN MANAGEMENT

Exhibit 6A presents ten key measures of profit margin management in three summary areas, namely, in sales profitability performance, in operating expense control and in personnel productivity performance.

Before 1978, merchant sales were studied in terms of two sales paths, i.e., as warehouse sales and as direct sales. Starting with the report for 1978, merchants separated indirect sales from warehouse sales so that sales are now studied in terms of four paths, that is to say, in terms of warehouse and direct sales as before and also in terms of indirect and warehouse + indirect sales.

The measure Warehouse Gross Trading Margin As a Percentage of Warehouse Sales remained constant at 24.5%. Indirect Gross Margin As a Percentage of Indirect Sales declined two-tenths of a percent to 17.5%. (Exhibit 4 reports a one percent increase in the measure Indirect Sales As a Percentage of Total Sales.) Warehouse and Indirect Gross Margin As a Percentage of Warehouse and Indirect Sales dipped a tenth of a percent to 24.1%. Direct Gross Margin As a Percentage of Direct Sales dropped the most, i.e., by three-tenths of a percent, to 7.2%. (Exhibit 4 reports a decline of 1.6% in the measure Direct Sales As a Percentage of Total Sales.)

EXHIBIT 6A

PROFIT MARGIN PERFORMANCE MEASURES FOR PRINTING PAPER MERCHANTS
(All Values Are Composite Averages)

PROFITABILITY[1]	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	YOUR FIRM
WAREHOUSE GROSS MARGIN -- $ WHSE SALES ($)	25.1	24.2	26.7	25.6	24.7	24.4	24.8	24.7	24.5	24.5	
INDIRECT GROSS MARGIN -- $ INDIRECT SALES ($)	--	--	--	--	--	--	16.5	17.7	17.7	17.5	
WHSE & IND GROSS MARGIN -- $ WHSE & IND SALES ($)	--	--	--	--	--	--	23.7	24.2	24.2	24.1	
DIRECT GROSS MARGIN -- $ DIRECT SALES ($)	8.4	9.1	8.7	8.5	7.9	7.5	7.4	7.6	7.5	7.2	
OPERATING EXPENSE CONTROL											
OPERATING EXPENSE -- $ OF GROSS MARGIN ($)	84.1	80.1	72.4	80.4	80.8	82.2	83.8	78.2	78.9	80.4	
NON-PEOPLE EXPENSE -- $ OF GROSS MARGIN ($)	--	--	--	--	--	--	--	--	25.8	26.3	
TOTAL EMPLOYEE COMPENSATION -- $ GROSS MARGIN ($)	57.1	48.8	48.[illegible]	53.5	53.2	56.6	56.3	52.7	53.2	53.8	
PERSONNEL PRODUCTIVITY											
NET SALES PER EMPLOYEE ($000)	137.5	168.8	205.2	175.3	196.0	244.4	281.1	342.1	329.4	351.0	
GROSS MARGIN PER EMPLOYEE ($000)	--	--	--	--	--	35.8	41.0	50.2	51.3	54.2	
SALES SVC & SELL EXPENSE -- $ GROSS MARGIN ($)	37.1	34.7	31.5	34.9	35.3	37.9	38.2	36.5	35.7	36.3	

[1]This survey studied only warehouse and direct sales until indirect sales were separated and excluded from warehouse sales starting with data for 1978. Thus, the published values for 1977 and earlier years are not directly comparable with values for 1978 and later years. However, values for 1978 and later years are mutually comparable.

Operating expense control measures increased in 1981 for the second consecutive year closely approximating the levels of 1975-76. Operating Expense As a Percentage of Gross Margin increased to 80.4%; Non-People Expense As a Percentage of Gross Margin increased to 26.2%; and, Total Employee Compensation As a Percentage of Gross Margin increased to 53.8%. The high levels of 1972 and 1977-78 were not reached.

Personnel productivity performance measures increased in 1981. Net Sales Per Employee increased to $351,020; Gross Margin Per Employee increased to $54,230; while, Sales Service and Selling Expense As a Percentage of Gross Margin increased to 36.3%.

Exhibit 6B reports values for six of these measures that may be used in setting realistic performance goals. The reported values are upper quartile values and medians of high-profit firms.

EXHIBIT 6B

SOME PROFIT MARGIN PERFORMANCE GOALS FOR PRINTING PAPER MERCHANT FIRMS
(Based on 1979 - 1981 data)

	YEAR	UPPER QUARTILE OF PRINTING PAPER MERCHANT FIRMS	MEDIAN OF HIGH ROTA PRINTING PAPER MERCHANT FIRMS*
PROFITABILITY			
WAREHOUSE PRINTING PAPER GROSS MARGIN	1981	27.31	25.52
-- $ WAREHOUSE PRINTING PAPER SALES ($)	1980	27.04	25.46
	1979	27.36	24.50
DIRECT PRINTING PAPER GROSS MARGIN	1981	8.34	7.72
-- $ DIRECT PRINTING PAPER SALES ($)	1980	9.14	7.60
	1979	9.76	8.04
OPERATING EXPENSE CONTROL			
OPERATING EXPENSES	1981	76.55	73.43
-- $ GROSS MARGIN ($)	1980	75.17	70.24
	1979	73.05	70.51
NON-PEOPLE EXPENSES	1981	25.41	25.65
-- $ GROSS MARGIN ($)	1980	23.01	23.27
	1979	21.89	24.17
TOTAL EMPLOYEE COMPENSATION	1981	49.18	49.15
-- $ GROSS MARGIN ($)	1980	48.39	48.35
	1979	47.69	46.28
PERSONNEL PRODUCTIVITY			
GROSS MARGIN PER EMPLOYEE ($)	1981	62,300	60,730
	1980	61,110	53,970
	1979	59,490	59,430

*See Appendix B for a discussion of the ROTA Profitability Group concept.

ASSET MANAGEMENT PERFORMANCE

Exhibit 7A presents four key asset management performance measures in three summary asset management areas.

The most comprehensive asset management measure reported is Net Sales To Total Assets, or Total Assets Turnover. Printing paper merchants' Total Assets Turnover slipped very slightly to 4.55X.

Changes in inventory management performance measures were more pronounced. Inventory Turnover was 4.85X in 1981; this value was the lowest value for the period 1977-81 and represented a decline in turnover for the second year in a row. Gross Margin Return On Inventory also reached its lowest value for the period 1977-81; it was 158% in 1981.

Accounts receivable management performance remained fairly steady for 1980-1981. The Average Collection Period rose slightly from 42.5 days in 1980 to 43.1 days in 1981. 1978's period was 48 days and 1979's was 46.

Exhibit 7B offers some possible asset managment goals for printing paper merchants.

EXHIBIT 7A

ASSET MANAGEMENT PERFORMANCE MEASURES FOR PRINTING PAPER MERCHANTS
(All Values Are Composite Averages)

	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	YOUR FIRM
OVERALL ASSET MANAGEMENT											
NET SLS TO TOTAL ASSETS (X)	3.35	3.30	3.91	3.31	3.79	4.11	4.40	4.65	4.56	4.55	
INVENTORY MANAGEMENT											
INVENTORY TURNOVER (X)[1]	4.55	4.70	4.64	3.97	4.39	5.51	4.98	6.01	5.13	4.85	
GROSS MARGIN RETURN ON INVENTORY (%)[2]	152	150	169	137	144	175	164	197	166	158	
ACCOUNTS RECEIVABLE MANAGEMENT											
AV. COLLECTION PERIOD (DAYS)[3]	53	53	44	53	47	45.4	48.0	46.0	42.5	43.1	

[1]Inventory Turnover is calculated as Cost of Warehouse Goods Sold to Average Inventory (average of beginning and ending inventories for the year). However, remember that the definition of warehouse sales was narrowed to exclude indirect sales for 1978 and later years.

[2]Gross Margin Return On Inventory is defined as Gross Margin On Warehouse Sales divided by Average Inventory. Starting with the 1978 data, indirect sales were separated and excluded from warehouse sales. Thus, the above values for 1977 and earlier years are not directly comparable with the values for 1978 and later years. However, the values for 1978 and later years are mutually comparable.

[3]The calculation approach used for each measure is defined in Appendix D.

EXHIBIT 7B

SOME ASSET MANAGEMENT PERFORMANCE GOALS FOR PRINTING PAPER MERCHANT FIRMS
(Based on 1979 - 1981 data)

	YEAR	UPPER QUARTILE OF PRINTING PAPER MERCHANT FIRMS	MEDIAN OF HIGH ROTA PRINTING PAPER MERCHANT FIRMS
OVERALL ASSET MANAGEMENT			
NET SALES TO TOTAL ASSETS (X)	1981	5.97	4.57
	1980	5.58	4.60
	1979	5.53	4.95
INVENTORY MANAGEMENT			
INVENTORY TURNOVER (X)	1981	6.69	4.83
	1980	7.91	5.65
	1979	8.56	7.75
GROSS MARGIN RETURN ON INVENTORY (%)	1981	199.28	156.77
	1980	241.61	174.32
	1979	289.01	273.11
ACCOUNTS RECEIVABLE MANAGEMENT			
DAYS SALES IN ACCOUNTS RECEIVABLE ON NOV. 30 (DAYS)*	1981	37.2	41.1
	1980	37.4	42.6
	1979	36.1	42.0

*This is a somewhat more precise measure of "collection period" than the "average collection period" which is based on sales for the year. It is calculated by dividing credit sales for Oct. & Nov. by 61 to get a more accurate measure of "average credit sales per day" and then dividing this value into the Nov. 30 trade notes and accounts receivable.

FINANCIAL MANAGEMENT

Exhibit 8 presents four measures of printing paper merchant financial management performance. Two measures show significant changes for 1981.

The measure Total Debt To Net Worth dropped from 131.4% in 1980 to 99.8% in 1981. These values have not been less than 100% since 1977. The measure Current Debt To Net Worth dropped from 104% in 1980 to 80.64% in 1981. These values have also not been less than 100% since 1977.

Industry liquidity improved slightly with the merchant's decreasing reliance on debt financing in 1981. The measure Current Assets Minus Inventory To Current Debt was 1.52X in 1981. The industry brought its payment to suppliers under the twenty days level for the first time in five years. The Days Payables Outstanding on December 31 measure dropped from 21.4 days in 1980 to 19.4 days in 1981.

EXHIBIT 8

FINANCIAL MANAGEMENT MEASURES FOR PRINTING PAPER MERCHANTS
(All Values Are Medians)

	1977	1978	1979	1980	1981
FINANCIAL LEVERAGE					
TOTAL DEBT TO NET WORTH (%)	83.0	139.1	158.7	131.4	99.8
CURRENT DEBT TO NET WORTH (%)	70.0	113.1	127.4	104.5	80.6
ABILITY TO PAY CURRENT DEBTS					
CURRENT ASSETS MINUS INVENTORY TO CURRENT DEBT (X)	1.53	1.33	1.26	1.51	1.52
DAYS PAYABLES OUTSTANDING ON DEC. 31 (DAYS)	23.0	22.0	21.0	21.4	19.4

CHAPTER THREE INDUSTRIAL PAPER MERCHANT PERFORMANCE

Industrial paper merchants are paper distributors who obtain 80%, or more, of their sales dollars from the sale of industrial paper products. (See Appendix A for the characteristics of merchants studied in these reports.)

SALES PERFORMANCE

Exhibit 9 reports nine sales performance measures. Industrial paper merchants increased their sales volume in 1981 by 11.29% over 1980's volume.

EXHIBIT 9
SALES PERFORMANCE MEASURES FOR INDUSTRIAL PAPER MERCHANTS
(All Values Are Composite Averages)[1]

PERFORMANCE MEASURES	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	YOUR FIRM
% SALES CHANGE OVER PRIOR YEAR (%)	--	--	--	--	--	7.1	13.4	16.86	11.75	11.29	
WAREHOUSE SALES[2] -- % TOTAL SALES (%)	74.4	74.3	76.4	77.6	78.5	76.8	68.9	69.92	74.71	71.76	
INDIRECT SALES[2] -- % TOTAL SALES (%)	--	--	--	--	--	--	10.6	6.98	5.40	7.58	
WHSE & IND SALES[2] -- % TOTAL SALES (%)	--	--	--	--	--	--	81.7	77.40	79.39	78.02	
DIRECT SALES[2] -- % TOTAL SALES (%)	--	--	--	--	--	--	18.3	22.60	20.82	21.98	
AVERAGE WAREHOUSE ORDER SIZE ($)	94	106	131	135	140	154	163	163	180	196	
AVERAGE INDIRECT ORDER SIZE ($)	--	--	--	--	--	--	240	278	296	256	
AVERAGE WHSE & IND ORDER SIZE ($)	--	--	--	--	--	--	151	167	190	206	
AVERAGE DIRECT ORDER SIZE ($)	319	444	701	649	487	506	775	1,105	1,060	1,260	

Sources: Values for 1976 and earlier: Price Waterhouse and NPTA.
Values for 1977 and later: Management Foresight, Inc.

[1]See Appendix B for a discussion of composite averages.
[2]As discussed in Appendix E, the addition of an "indirect sales" category reduced the comparability of the 1978, and later, sales values to the 1977, and earlier, results. However, the 1978 and later results are mutually comparable.

Merchants use three different methods to distribute paper, and each method involves different merchant functions. This survey studies distribution methods as sales paths, namely, as warehouse sales, as indirect sales and as direct sales. Warehouse sales are sales of products from inventory in the merchant's warehouse. The merchant's prices and margins on warehouse sales contain factors covering the storage, handling, delivery, selling and administrative functions involved. Indirect sales are sales of products that the merchant receives from the manufacturer and immediately delivers to his customers without adding them to his inventory. The merchant's prices and margins on indirect sales contain factors to cover the handling, delivery, selling and administrative functions involved. Direct sales are sales of products that are shipped from the manufacturer to the merchant's customers. The merchant's prices and margins on direct sales contain factors to cover the delivery, selling and administrative functions involved. Sales path margins are reported in the section on profit margin management; and, sales path percentages of total sales are reported here.

Merchants' sales through each of these paths are studied as percentages of total sales. In 1981, Warehouse Sales As a Percentage of Total Sales declined by three percent to 71.76%; Indirect Sales As a Percent of Total Sales increased by more than two percent to 7.58%; and, Direct Sales As a Percent of Total Sales increased by more than a percent to 21.98%.

Average Warehouse Order Size increased by $16 to $196. Average Indirect Order Size decreased by $40 to $256. Average Direct Order Size increased by $200 to $1,260.

PROFITABILITY PERFORMANCE

The profit model studies the performance of the distribution firm (and industry) in light of its production of profit or increase in resources. (See Appendix C for a discussion of the profit model.) The model is comprehensive; it studies a firm's profit performance on its sales management, on its management of assets as resources used in generating those sales and on its management of assets as they are subject to creditor/owner claims.

The measure Return On Net Worth (RONW) combines sales management, asset management and investment management. Exhibit 10 reports RONW under column 5 as the measure Net Profit Before Tax As a Percentage of Net Worth. Industrial paper merchants' RONW increased by 0.43% in 1981 to 22.06%. (It has continuously risen since 1978.) According to the profit model, RONW's increase in 1981 is due principally to stronger sales and asset management performances which are shown under column 3 as the measure Net Profit Before Tax As a Percent of Total Assets; this measure is also known as Return On Total Assets (ROTA). Industrial paper merchants' ROTA increased by 0.73% in 1981 to 10.90%. (It has risen progressively since 1978.) RONW's increases since 1978 have not been significantly influenced by variations in investment management performance, which is represented by the financial leverage multiplier under column 4, because the multiplier has been fairly constant. The multiplier decreased to 1.99X in 1981 which is the same value it had in 1978.

Return On Capital Employed rose a percent in 1981 to 19.19%; it too has risen progressively since 1978.

In sum, industrial paper merchants produced relatively higher levels of profitability during a year in which sales increased more than prices increased.

EXHIBIT 10

INDUSTRIAL PAPER MERCHANTS' PROFIT MODEL PERFORMANCE[1]
(Composite Average Values)[2]

	(1) NET PROFIT BEFORE TAX / NET SALES (%)	×	(2) NET SALES / TOTAL ASSETS (X)	=	(3) NET PROFIT BEFORE TAX / TOTAL ASSETS (%)	×	(4) TOTAL ASSETS / NET WORTH (X)	=	(5) NET PROFIT BEFORE TAX / NET WORTH (%)	(6) RETURN ON CAPITAL EMPLOYED[3] (%)
1981	2.62		4.16		10.90		1.99		22.06	19.19
1980	2.54		4.00		10.17		2.12		21.63	18.17
1979	2.31		3.93		9.07		2.03		18.69	15.95
1978	2.17		4.04		8.74		1.99		17.39	14.74
1977	2.53		3.83		9.49		2.00		18.97	18.69
1976	3.31		3.69		12.22		2.09		25.55	20.1
1975	3.65		3.71		13.56		2.11		28.57	23.6
1974	4.33		3.54		15.31		2.20		33.74	25.8
1973	2.63		3.32		8.73		2.21		19.33	15.1
1972	2.25		3.20		7.19		2.12		15.24	12.9

[1]See Appendix C for a discussion of the MFI Profit Model.
[2]The measures shown under columns 1-5 are computed individually. Therefore, the values in column 3 are the result of dividing Net Profit Before Tax by Total Assets and are not the result of multiplying column 1's values by column 2's values; the values in column 5 are the result of dividing Net Profit Before Tax by Net Worth and are not the result of multiplying column 3's values by column 4's values.
[3]Return on Capital Employed was defined in 1977 and prior years as "net profit before taxes plus interest on borrowed funds minus income from outside investments" divided by "net worth, or owner's equity, plus long term debt minus outside investments". In 1978 and later years, Bank Loans Due in Less Than One Year was added to the denominator of the ratio (the capital invested) to recognize that some, if not most, of the total interest paid by the typical paper distributor resulted from bank loans. See Appendix D for a complete definition of the measure.

PROFIT MARGIN MANAGEMENT

Exhibit 11A presents ten key measures of profit margin management in three summary areas, namely, in sales profitability performance, in operating expense control and in personnel productivity performance.

Before 1978, merchant sales were studied in terms of two sales paths, i.e., as warehouse sales and as direct sales. Starting with the report for 1978, merchants separated indirect sales from warehouse sales so that sales are now studied in terms of four paths, that is to say, in terms of warehouse and direct sales as before and also in terms of indirect and warehouse + indirect sales.

The measure Warehouse Gross Margin As a Percentage of Warehouse Sales rose 0.5% to 25.5% in 1981. (Exhibit 9 reports a three percent decrease in the warehouse portion of total sales for the year.) Indirect Gross Margin As a Percent of Indirect Sales rose 0.7% to 26.4% in 1981 while the indirect sales part of total sales increased by two percent. Warehouse and Indirect Gross Margin As a Percent of Warehouse and Indirect Sales showed a small decrease to 24.8% in 1981. (One might be surprised by this decrease in the combined warehouse + indirect measure since the previous two measures increased in value. However, it should be understood that the combined measure value

EXHIBIT 11A

PROFIT MARGIN PERFORMANCE MEASURES FOR INDUSTRIAL PAPER MERCHANTS
(All Values Are Composite Averages)

PROFITABILITY[1]	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	YOUR FIRM
WAREHOUSE GROSS MARGIN -- % WHSE SALES (%)	23.6	23.7	26.2	25.3	24.5	23.8	24.3	25.2	25.0	25.5	
INDIRECT GROSS MARGIN -- % INDIRECT SALES (%)	--	--	--	--	--	--	22.9	25.1	25.7	26.4	
WHSE & IND GROSS MARGIN -- % WHSE & IND SALES (%)	--	--	--	--	--	--	23.6	24.4	25.4	24.8	
DIRECT GROSS MARGIN -- % DIRECT SALES (%)	11.3	13.2	13.7	13.9	12.4	13.8	14.2	15.3	14.1	14.8	
OPERATING EXPENSE CONTROL											
OPERATING EXPENSE -- % OF GROSS MARGIN (%)	90.2	88.4	81.4	85.3	86.9	89.2	90.7	89.0	89.3	89.7	
NON-PEOPLE EXPENSE -- % OF GROSS MARGIN (%)	--	--	--	--	--	--	--	--	27.5	26.1	
TOTAL EMPLOYEE COMPENSATION -- % GROSS MARGIN (%)	66.7	63.8	59.0	61.7	65.2	65.6	64.3	63.3	61.4	63.6	
PERSONNEL PRODUCTIVITY											
NET SALES PER EMPLOYEE ($000)	85.4	99.5	109.8	123.1	132.6	134.7	139.9	150.8	159.0	180.0	
GROSS MARGIN PER EMPLOYEE ($000)	--	--	--	--	--	29.8	30.3	33.7	36.6	40.6	
SALES SVC & SELL EXPENSE -- % GROSS MARGIN (%)	37.7	36.7	34.1	35.0	35.9	35.7	36.9	36.2	36.1	35.5	

[1]This survey studied only warehouse and direct sales until indirect sales were separated and excluded from warehouse sales starting with data for 1978. Thus, the published values for 1977 and earlier years are not directly comparable with values for 1978 and later years. However, values for 1978 and later years are mutually comparable.

is not based only on the population reporting warehouse sales and indirect sales separately but is based on a larger population that includes many merchants who do not separate indirect sales from warehouse sales.) Direct Gross Margin As a Percent of Direct Sales rose 0.7% to 14.8% in 1981 while the direct sales portion of total sales increased by slightly more than a percent.

In 1981, operating expense control performance showed a decrease in non-people expenses more than offset by an increase in people expenses. Operating Expense As a Percent of Gross Margin increased 0.4% to 89.7%. Non-People Expense As a Percent of Gross Margin decreased 1.4% to 26.1% while Total Employee Compensation As a Percent of Gross Margin increased 2.2% to 63.6%.

EXHIBIT 11B

SOME PROFIT MARGIN PERFORMANCE GOALS FOR INDUSTRIAL PAPER MERCHANT FIRMS
(Based on 1979 - 1981 data)

	YEAR	UPPER QUARTILE OF INDUSTRIAL PAPER MERCHANT FIRMS	MEDIAN OF HIGH ROTA INDUSTRIAL PAPER MERCHANT FIRMS*
PROFITABILITY			
WAREHOUSE INDUSTRIAL PAPER GROSS MARGIN -- % WAREHOUSE INDUSTRIAL PAPER SALES (%)	1981	29.05	27.89
	1980	28.17	24.70
	1979	28.32	26.04
DIRECT INDUSTRIAL PAPER GROSS MARGIN -- % DIRECT INDUSTRIAL PAPER SALES (%)	1981	19.05	14.25
	1980	19.29	12.89
	1979	19.02	11.89
OPERATING EXPENSE CONTROL			
OPERATING EXPENSES -- % GROSS MARGIN (%)	1981	85.10	90.05
	1980	85.16	82.51
	1979	86.00	85.86
NON-PEOPLE EXPENSES -- % GROSS MARGIN (%)	1981	24.07	27.67
	1980	23.23	23.12
	1979	23.00	25.00
TOTAL EMPLOYEE COMPENSATION -- % GROSS MARGIN (%)	1981	58.18	63.47
	1980	57.02	61.46
	1979	56.79	56.15
PERSONNEL PRODUCTIVITY			
GROSS MARGIN PER EMPLOYEE ($)	1981	48,950	40,950
	1980	45,600	37,100
	1979	38,770	36,280

*See Appendix B for a discussion of the ROTA Profitability Group concept.

Personnel productivity performance measures moved in positive directions in 1981. Net Sales Per Employee increased to $180,000; Gross Margin Per Employee increased to $40,600; while, Sales Service and Selling Expense As a Percent of Gross Margin decreased to 35.5%.

Exhibit 11R reports values for six of these measures that may be used in setting realistic performance goals. The reported values are upper quartile values and medians of high-profit firms.

ASSET MANAGEMENT PERFORMANCE

Exhibit 12A presents four key asset management performance measures in three summary asset management areas.

The most comprehensive asset management measure reported is Net Sales To Total Assets, or Total Assets Turnover. In 1981, the industrial paper merchants' Total Assets Turnover increased for the second year in a row to 4.16X; it was the highest value for the last ten years.

EXHIBIT 12A

ASSET MANAGEMENT PERFORMANCE MEASURES FOR INDUSTRIAL PAPER MERCHANTS
(All Values Are Composite Averages)

	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	YOUR FIRM
OVERALL ASSET MANAGEMENT											
NET SLS TO TOTAL ASSETS (X)	3.20	3.32	3.54	3.71	3.69	3.83	4.02	3.93	4.00	4.16	
INVENTORY MANAGEMENT											
INVENTORY TURNOVER (X)[1]	6.48	6.78	6.52	6.54	7.45	6.89	7.57	6.44	6.61	7.07	
GROSS MARGIN RETURN ON INVENTORY ($)[2]	200	211	232	222	242	247	243	217	221	242	
ACCOUNTS RECEIVABLE MANAGEMENT											
AV. COLLECTION PERIOD (DAYS)[3]	36	40	35	35	33	36.1	40.1	40.5	39.4	38.2	

[1]Inventory Turnover is calculated as Cost of Warehouse Goods Sold to Average Inventory (average of beginning and ending inventories for the year). However, remember that the definition of warehouse sales was narrowed to exclude indirect sales for 1978 and later years.

[2]Gross Margin Return On Inventory is defined as Gross Margin On Warehouse Sales divided by Average Inventory. Starting with the 1978 data, indirect sales were separated and excluded from warehouse sales. Thus, the above values for 1977 and earlier years are not directly comparable with the values for 1978 and later years. However, the values for 1978 and later years are mutually comparable.

[3]The calculation approach used for each measure is defined in Appendix D.

In 1981, values in inventory management performance measures increased for the second consecutive year. Inventory Turnover rose to 7.07X which was the third highest value for the last ten years. Gross Margin Return On Inventory rose to 242% which was tied with 1976's performance as the third highest amount for the reported decade.

Accounts receivable management performance also improved in 1981 for the second year in a row. The Average Collection Period decreased 1.2 days to 38.2 days in 1981.

Exhibit 12B offers some possible asset management goals for industrial paper merchants.

EXHIBIT 12B

SOME ASSET MANAGEMENT PERFORMANCE GOALS FOR INDUSTRIAL PAPER MERCHANT FIRMS
(Based on 1979 - 1981 data)

	YEAR	UPPER QUARTILE OF INDUSTRIAL PAPER MERCHANT FIRMS	MEDIAN OF HIGH ROTA INDUSTRIAL PAPER MERCHANT FIRMS
OVERALL ASSET MANAGEMENT			
NET SALES TO TOTAL ASSETS (X)	1981	4.90	4.03
	1980	4.63	4.63
	1979	4.55	4.31
INVENTORY MANAGEMENT			
INVENTORY TURNOVER (X)	1981	9.16	6.38
	1980	7.92	7.21
	1979	7.87	7.81
GROSS MARGIN RETURN ON INVENTORY (%)	1981	312.1	249.8
	1980	269.4	224.9
	1979	265.3	232.6
ACCOUNTS RECEIVABLE MANAGEMENT			
DAYS SALES IN ACCOUNTS RECEIVABLE ON NOV. 30 (DAYS)*	1981	31.7	39.1
	1980	31.4	33.6
	1979	32.2	33.2

*This is a somewhat more precise measure of "collection period" than the "average collection period" which is based on sales for the year. It is calculated by dividing credit sales for Oct. & Nov. by 61 to get a more accurate measure of "average credit sales per day" and then dividing this value into the Nov. 30 trade notes and accounts receivable.

FINANCIAL MANAGEMENT

Exhibit 13 presents four measures of financial management performance in two summary areas.

The measure Total Debt To Net Worth dropped by 22.7% from 111.2% in 1980 to 88.5% in 1981. Values for this measure have not been below 100% since 1977. The measure Current Debt To Net Worth came down 3.6% from 71.3% in 1980 to 67.7% in 1981. Values for this measure have not been less than 70% since 1977.

Industry liquidity improved slightly in 1981. Current Assets Minus Inventory To Current Debt rose to 1.38X in 1981 which was the highest value in five years. Days Payables Outstanding On December 31 fell a day to 22.3 days in 1981 which was the lowest number i four years.

EXHIBIT 13

FINANCIAL MANAGEMENT MEASURES FOR INDUSTRIAL PAPER MERCHANTS
(All Values Are Medians)

	1977	1978	1979	1980	1981
FINANCIAL LEVERAGE					
TOTAL DEBT TO NET WORTH (%)	88.4	102.4	108.7	111.2	88.5
CURRENT DEBT TO NET WORTH (%)	64.6	74.4	74.4	71.3	67.7
ABILITY TO PAY CURRENT DEBTS					
CURRENT ASSETS MINUS INVENTORY TO CURRENT DEBT (X)	1.33	1.29	1.24	1.32	1.38
DAYS PAYABLES OUTSTANDING ON DEC. 31 (DAYS)	19.3	22.5	25.1	23.3	22.3

CHAPTER FOUR DUAL PAPER MERCHANT PERFORMANCE

Dual paper merchants are distributors providing the full spectrum of paper products who obtain less than 80% of their total sales dollars from the sale of either printing or industrial papers. (See Appendix A for the characteristics of merchants studied in these reports.)

SALES PERFORMANCE

Exhibit 14 reports nine sales performance measures. Dual paper merchants increased their sales volume in 1981 by 8.42% over 1980's volume.

EXHIBIT 14

SALES PERFORMANCE MEASURES FOR DUAL PAPER MERCHANTS
(All Values Are Composite Averages)[1]

PERFORMANCE MEASURES	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	YOUR FIRM
% SALES CHANGE OVER PRIOR YEAR (%)	--	--	--	--	--	11.6	13.0	14.2	11.54	8.42	
WAREHOUSE SALES[2] -- % TOTAL SALES (%)	58.7	57.2	53.0	58.9	56.5	58.7	53.3	58.1	55.24	55.20	
INDIRECT SALES[2] -- % TOTAL SALES (%)	--	--	--	--	--	--	6.8	7.1	6.41	7.19	
WHSE & IND SALES[2] -- % TOTAL SALES (%)	--	--	--	--	--	--	59.6	63.1	61.65	62.01	
DIRECT SALES[2] -- % TOTAL SALES (%)	--	--	--	--	--	--	40.4	36.9	38.35	37 99	
AVERAGE WAREHOUSE ORDER SIZE ($)	102	114	162	167	185	209	212	234	282	304	
AVERAGE INDIRECT ORDER SIZE ($)	--	--	--	--	--	--	513	535	624	635	
AVERAGE WHSE & IND ORDER SIZE ($)	--	--	--	--	--	--	222	248	298	319	
AVERAGE DIRECT ORDER SIZE ($)	890	1,169	1,744	1,693	1,658	2,110	2,266	2,424	2,796	2,948	

Sources: Values for 1976 and earlier: Price Waterhouse and NPTA.
Values for 1977 and later: Management Foresight, Inc.

[1]See Appendix B for a discussion of composite averages.
[2]As discussed in Appendix E, the addition of an "indirect sales" category reduced the comparability of the 1978, and later, sales values to the 1977, and earlier, results. However, the 1978 and later results are mutually comparable

Merchants use three different methods to distribute paper, and each method involves different merchant functions. This survey studies distribution methods as sales paths, namely, as warehouse sales, as indirect sales and as direct sales. Warehouse sales are sales of products from inventory in the merchant's warehouse. The merchant's prices and margins on warehouse sales contain factors covering the storage, handling, delivery, selling and administrative functions involved. Indirect sales are sales of products that the merchant receives from the manufacturer and immediately delivers to his customers without adding them to his inventory. The merchant's prices and margins on indirect sales contain factors to cover the handling, delivery, selling and administrative functions involved. Direct sales are sales of products that are shipped from the manufacturer to the merchant's customers. The merchant's prices and margins on direct sales contain factors to cover the delivery, selling and administrative functions involved. Sales path margins are reported in the section on profit management; and, sales path percentages of total sales are reported here.

Merchants' sales through each of these paths are studied as percentages of total sales. In 1981, Warehouse Sales As a Percentage of Total Sales declined four hundredths of a percent to 55.20%; Indirect Sales As a Percent of Total Sales inceased by eight tenths of a percent to 7.19%; and, Direct Sales As a Percent of Total Sales decreased by four tenths of a percent to 37.99%. 1981's changes were very slight and do not represent a significant departure from 1980's selling pattern.

In 1981, Average Warehouse Order Size increased by $22 to $304. Average Indirect Order Size increased by $11 to $635. Average Direct Order Size increased by $152 to $2,948.

PROFITABILITY PERFORMANCE

The profit model studies the performance of the distribution firm (and industry) in light of its production of profit or increase in resources. (See Appendix C for a discussion of the profit model.) The model is comprehensive; it studies a firm's profit performance on its sales management, on its management of assets as resources used in generating those sales and on its management of assets as they are subject to creditor/ owner claims.

The measure Return On Net Worth (RONW) combines sales management performance and investment management performance. Exhibit 15 reports RONW under column 5 as the measure Net Profit Before Taxes As a Percentage of Net Worth. Dual paper merchants' RONW decreased by 3.58% to 24.56% in 1981 for the fifth best value for the period 1972-81. According to the profit model, this decline was not due to investment management performance, which is represented under column 4 as the financial leverage multiplier, because the multiplier value remained virtually unchanged. The cause of RONW's decrease is to be found through the performance area measure represented under column 3 and in the performance area shown under column 1.

The measure Net Profit Before Taxes As a Percent of Total Assets, which is also known as Return On Total Assets (ROTA), appears under column 3. ROTA combines the sales and assets management performances reflected in RONW, but it does so without the influence that investment management exerts on RONW. ROTA decreased by 0.56% in 1981 to 14.76% for the fourth best value for 1972-81. Now, the ROTA value is sensitive to assets management performance, which is reported under column 2, and sales management performance, which is shown under column 1. Asset management performance increased slightly in 1981 and could not have depressed either the

ROTA or RONW values, although it did not significantly enhance them. Sales management performance dipped moreover by 0.28% to 3.14% in 1981 for the fifth best value for 1972-81. According to the profit model, sales management performance is the likely cause of lower ROTA and RONW values. (See the section on profit margin management for more detail.)

Dual merchants' Return On Capital Employed decreased by 2.52% in 1981 to 21.89%.

In sum, dual paper merchants' profitability in 1981 was down from 1979-80 levels but compared favorably with 1972-81 values.

EXHIBIT 15

DUAL PAPER MERCHANTS' PROFIT MODEL PERFORMANCE[1]
(Composite Average Values)[2]

	(1) NET PROFIT BEFORE TAX / NET SALES (%)	×	(2) NET SALES / TOTAL ASSETS (X)	=	(3) NET PROFIT BEFORE TAX / TOTAL ASSETS (%)	×	(4) TOTAL ASSETS / NET WORTH (X)	=	(5) NET PROFIT BEFORE TAX / NET WORTH (%)	(6) RETURN ON CAPITAL EMPLOYED[3] (%)
1981	3.14		4.69		14.76		1.85		24.56	21.89
1980	3.42		4.66		15.32		1.84		28.14	24.41
1979	3.41		4.32		14.22		1.87		26.56	23.72
1978	2.85		4.57		12.40		1.94		23.99	20.23
1977	2.65		4.53		12.29		1.90		23.40	20.72
1976	2.71		4.48		12.13		1.98		23.95	19.6
1975	3.53		4.29		15.16		2.29		34.71	25.5
1974	4.29		4.74		20.34		2.04		41.44	34.1
1973	2.73		4.01		10.93		1.78		19.46	18.1
1972	1.88		3.73		7.02		1.63		11.47	10.7

[1]See Appendix C for a discussion of the MFI Profit Model.
[2]The measures shown under columns 1-5 are computed individually. Therefore, the values in column 3 are the result of dividing Net Profit Before Tax by Total Assets and are not the result of multiplying column 1's values by column 2's values; the values in column 5 are the result of dividing Net Profit Before Tax by Net Worth and are not the result of multiplying column 3's values by column 4's values.
[3]Return on Capital Employed was defined in 1977 and prior years as "net profit before taxes plus interest on borrowed funds minus income from outside investments" divided by "net worth, or owner's equity, plus long term debt minus outside investments." In 1978 and later years, Bank Loans Due In Less Than One Year was added to the denominator of the ratio (the capital invested) to recognize that some, if not most, of the total interest paid by the typical paper distributor resulted from bank loans. See Appendix D for a complete definition of the measures.

PROFIT MARGIN MANAGEMENT

Exhibit 16 presents ten key measures of profit margin management in three summary areas, namely, in sales profitability performance, in operating expense control and in personnel productivity performance.

Before 1978, merchant sales were studied in terms of two sales paths, i.e., as warehouse sales and as direct sales. Starting with the report for 1978, merchants separated indirect sales from warehouse sales so that sales are now studied in terms of four paths, that is to say, in terms of warehouse and direct sales as before and also in terms of indirect and warehouse + indirect sales.

EXHIBIT 16

PROFIT MARGIN PERFORMANCE MEASURES FOR DUAL PAPER MERCHANTS
(All Values Are Composite Averages)

PROFITABILITY[1]	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	YOUR FIRM
WAREHOUSE GROSS MARGIN -- % WHSE SALES (%)	23.2	23.5	25.4	24.5	23.1	22.3	22.4	23.4	23.6	22.6	
INDIRECT GROSS MARGIN -- % INDIRECT SALES (%)	--	--	--	--	--	--	17.4	18.3	17.9	17.5	
WHSE & IND GROSS MARGIN -- % WHSE & IND SALES (%)	--	--	--	--	--	--	22.6	22.9	23.1	22.3	
DIRECT GROSS MARGIN -- % DIRECT SALES (%)	8.7	8.8	9.2	9.0	8.1	7.9	8.6	9.1	8.5	8.3	
OPERATING EXPENSE CONTROL											
OPERATING EXPENSE -- % OF GROSS MARGIN (%)	89.8	83.4	75.2	81.0	84.3	84.5	83.2	82.1	81.4	83.1	
NON-PEOPLE EXPENSE -- % OF GROSS MARGIN (%)	--	--	--	--	--	--	--	--	24.1	26.7	
TOTAL EMPLOYEE COMPENSATION -- % GROSS MARGIN (%)	61.8	58.1	52.8	57.4	59.7	59.1	60.8	57.6	57.4	56.7	
PERSONNEL PRODUCTIVITY											
NET SALES PER EMPLOYEE ($000)	111	130	167	156	179	191	211	233	242.5	255.6	
GROSS MARGIN PER EMPLOYEE ($000)	--	--	--	--	--	31.5	35.2	40.7	44.1	46.7	
SALES SVC & SELL EXPENSE -- % GROSS MARGIN (%)	35.2	33.7	31.1	33.7	34.7	34.7	34.1	33.3	35.2	36.1	

[1]This survey studied only warehouse and direct sales until indirect sales were separated and excluded from warehouse sales starting with data for 1978. Thus, the published values for 1977 and earlier years are not directly comparable with values for 1978 and later years. However, values for 1978 and later years are mutually comparable.

All gross profit margin performance measures for dual merchants decreased in 1981; the decline was lead by warehouse sales which accounts for 55% of dual merchants' total sales.

The measure Warehouse Gross Margin As a Percent of Warehouse Sales fell in 1981 by one percent to 22.6%. Indirect Gross Margin As a Percent of Indirect Sales declined by 0.4% in 1981 to 17.5%. Warehouse and Indirect Gross Margin As a Percent of Warehouse and Indirect Sales droped by 0.8% in 1981 to 22.3%. Direct Gross Margin As a Percent of Direct Sales decreased (least of all) by 0.2% to 8.3%.

In 1981, operating expense control performance showed a decreased in people expenses more than offset by an increase in non-people expenses. Operating Expense As a Percent of Gross Margin increased by 1.7% in 1981 to 83.1%. Non-People Expense As a Percent of Gross Margin increased by 2.6% to 26.7%, while Total Employee Compensation As a Percent of Gross Margin decreased by 0.7% to 56.7%.

Changes in measures of personnel productivity in 1981 were not as good as in previous years. Net Sales Per Employee increased to $255,600; Gross Margin Per Employee increased to $46.700; while, Sales Service and Selling Expense As a Percentage of Gross Margin increased to 36.1%.

EXHIBIT 17

ASSET MANAGEMENT PERFORMANCE MEASURES FOR DUAL PAPER MERCHANTS
(All Values Are Composite Averages)

	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	YOUR FIRM
OVERALL ASSET MANAGEMENT											
NET SLS TO TOTAL ASSETS (X)	3.73	4.01	4.74	4.29	4.48	4.53	4.57	4.32	4.66	4.69	
INVENTORY MANAGEMENT											
INVENTORY TURNOVER (X)[1]	4.97	5.09	5.08	4.70	5.03	5.83	5.72	5.48	5.02	5.34	
GROSS MARGIN RETURN ON INVENTORY (%)[2]	150	156	175	152	151	174	165	167	155	156	
ACCOUNTS RECEIVABLE MANAGEMENT											
AV. COLLECTION PERIOD (DAYS)[3]	44	42	35	39	37	39.7	39.6	40.3	38.4	37.5	

[1]Inventory Turnover is calculated as Cost of Warehouse Goods Sold to Average Inventory (average of beginning and ending inventories for the year). However, remember that the definition of warehouse sales was narrowed to exclude Indirect sales for 1978 and later years.
[2]Gross Margin Return On Inventory is defined as Gross Margin On Warehouse Sales divided by Average Inventory. Starting with the 1978 data, Indirect sales were separated and excluded from warehouse sales. Thus, the above values for 1977 and earlier years are not directly comparable with the values for 1978 and later years. However, the values for 1978 and later years are mutually comparable.
[3]The calculation approach used for each measure is defined in Appendix D.

ASSET MANAGEMENT PERFORMANCE

Exhibit 17 presents four key asset management performance measures in three summary asset management areas. The 1981 values compare well with previous years results.

The most comprehensive asset management measure reported is Net Sales To Total Assets, or Total Assets Turnover. In 1981, the Total Assets Turnover increased to 4.69X, which was the second highest value for the last ten years.

In 1981, the values of inventory management performance measures increased. Inventory Turnover rose to 5.34X, which was the fourth highest amount for the last ten years. Gross Margin Return on Inventory rose to 156% which was tied with 1973's performance as the fifth highest result for the reported decade.

Accounts receivable management performance improved in 1981 for the second year in a row. The Average Collection Period decreased 0.9 day to 37.5 days in 1981, which was the third best performance for 1972-81.

FINANCIAL MANAGEMENT

Exhibit 18 presents four measures of financial management performance in two summary areas.

The measure Total Debt To Net Worth dropped 32.2% in 1981 to 69.0%; the values for this measure have not been below 70% since 1978. Current Debt To Net Worth fell 23.9% in 1981 to 52.5%; the amounts for this measure have not been below 60% since 1978.

Industry liquidity improved in 1981. The measure Current Assets Minus Inventory To Current Debts rose to 1.61X, which was the highest value in five years. Days Payables Outstanding on December 31 fell 1.7 days in 1981 to 18.1 days, which was the lowest number in five years.

EXHIBIT 18

FINANCIAL MANAGEMENT MEASURES FOR DUAL PAPER MERCHANTS
(All Values Are Medians)

	1977	1978	1979	1980	1981
FINANCIAL LEVERAGE					
TOTAL DEBT TO NET WORTH (%)	85.3	69.8	102.9	101.2	69.0
CURRENT DEBT TO NET WORTH (%)	79.8	58.5	74.4	76.4	52.5
ABILITY TO PAY CURRENT DEBTS					
CURRENT ASSETS MINUS INVENTORY TO CURRENT DEBT (X)	1.29	1.44	1.37	1.51	1.61
DAYS PAYABLES OUTSTANDING ON DEC. 31 (DAYS)	21.7	20.5	21.5	19.8	18.1

LIST OF SUMMARY TABLES

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2B PRINTING PAPER MERCHANTS' PERFORMANCE MEASURES SUMMARIZING SALES VOLUME AND EMPHASIS GROUPS
2C PRINTING PAPER MERCHANTS' PERFORMANCE MEASURES SUMMARIZING NPTA REGIONAL GROUPS

3A INDUSTRIAL PAPER MERCHANTS' PERFORMANCE MEASURES SUMMARIZING ALL FIRMS AND PROFITABILITY GROUPS
3B INDUSTRIAL PAPER MERCHANTS' PERFORMANCE MEASURES SUMMARIZING SALES VOLUME AND EMPHASIS GROUPS
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4A DUAL MERCHANTS' PERFORMANCE MEASURES SUMMARIZING ALL FIRMS AND PROFITABILITY GROUPS
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4C DUAL MERCHANTS' PERFORMANCE MEASURES SUMMARIZING NPTA REGIONAL GROUPS

5 CONDENSED OPERATING STATEMENTS FOR PRINTING, INDUSTRIAL AND DUAL PAPER MERCHANTS

6 COMPOSITE BALANCE SHEETS FOR PRINTING, INDUSTRIAL AND DUAL PAPER MERCHANTS

ABBREVIATIONS USED IN TABLES

ACCTS REC	= ACCOUNTS RECEIVABLE
EXP	= EXPENSE
GM	= GROSS MARGIN, GROSS TRADING MARGIN
IND	= INDIRECT
INV	= INVENTORY
IP	= INDUSTRIAL PAPER
%	= PERCENT
PP	= PRINTING PAPER
NPBT	= NET PROFIT BEFORE TAXES
SLS	= SALES
WHSE	= WAREHOUSE

TABLE 1

MERCHANT COMMODITY GROUPS'* PERFORMANCE MEASURES** (COMPOSITE MEANS) SUMMARIZING 1981 OPERATIONS

PERFORMANCE MEASURE	ALL PAPER MERCHANTS	ALL PRINTING PAPER MERCHANTS	ALL INDUSTRIAL PAPER MERCHANTS	ALL DUAL PAPER MERCHANTS
1. RETURN ON CAPITAL EMPLOYED (%)	21.68	22.78	19.24	21.28
2. NPBT AS % NET WORTH (%)	23.85	24.30	22.15	23.95
3. TOTAL ASSETS TO NET WORTH (X)	1.81	1.72	1.99	1.85
4. NPBT AS % TOTAL ASSETS (%)	13.86	14.20	10.94	14.55
5. NPBT AS % NET SALES (%)	3.05	3.11	2.63	3.13
6. NPBT AS % NET SALES (LIFO ADJ; %)	3.17	3.27	2.74	3.20
7. NET SALES TO TOTAL ASSETS (X)	4.52	4.54	4.16	4.64
8. WHSE GM AS % WHSE SALES (%)	23.74	24.45	25.43	22.75
9. WHSE & IND GM AS % WHSE & IND SLS (%) .	23.43	24.08	24.75	22.42
10. DIRECT GM AS % DIRECT SALES (%)	8.10	7.24	14.78	8.17
11. WHSE & IND SLS AS % TOTAL SLS (%)	58.54	48.90	77.95	62.88
12. % SLS CHANGE OVER PRIOR YEAR (%)	8.71	7.87	11.40	8.78
13. NET SALES PER EMPLOYEE ($000)	274.26	349.42	180.32	250.08
14. GM PER EMPLOYEE ($000)	48.17	53.98	40.74	46.42
15. TOTAL PAYROLL AS % GM (%)	48.64	46.80	55.42	47.24
16. SLS SERVICE & SELLING EXP AS % GM (%) .	36.03	36.33	35.41	35.97
17. TOTAL OPERATING EXP AS % GM (%)	83.34	80.50	89.64	83.38
18. INV TURNOVER (WHSE ONLY; X)	5.33	4.81	7.04	5.35
19. GM RETURN ON INV (WHSE ONLY; %)	166.03	155.75	242.52	157.71
20. DAYS SLS IN ACCTS REC ON NOV 30 (DAYS).	40.42	43.34	38.31	37.96

*Appendix B sets forth the formation and measure of merchant commodity groups.

**Appendix D defines the performance measures.

TABLE 2A

PRINTING PAPER MERCHANTS' PERFORMANCE MEASURES* (COMPOSITE MEANS†) SUMMARIZING ALL FIRMS AND PROFITABILITY (ROTA**) GROUPS

PERFORMANCE MEASURE	YOUR FIRM	ALL PRINTING PAPER MERCHANTS	RETURN ON TOTAL ASSET GROUPS FOR ALL PRINTING PAPER MERCHANTS**		
			LOW PROFIT GROUP	MIDDLE PROFIT GROUP	HIGH PROFIT GROUP
1. RETURN ON CAPITAL EMPLOYED (%)		21.03	8.70	20.00	32.85
2. NPBT AS % NET WORTH (%)		21.84	6.38	21.39	35.45
3. TOTAL ASSETS TO NET WORTH (X)		1.91	2.64	1.87	1.40
4. NPBT AS % TOTAL ASSETS (%)		12.61	2.40	12.61	22.29
5. NPBT AS % NET SALES (%)		2.31	0.48	2.34	4.86
6. NPBT AS % NET SALES (LIFO ADJ;%)		2.59	0.67	2.63	4.87
7. NET SALES TO TOTAL ASSETS (X)		4.75	3.96	5.13	4.57
8. WHSE PP GM AS % WHSE PP SALES (%)		24.61	22.91	24.61	25.52
9. WHSE & IND PP GM AS % WHSE & IND PP SLS (%)		23.62	22.81	23.82	24.49
10. DIRECT PP GM AS % DIRECT PP SALES (%)		7.50	7.43	7.42	7.72
11. WHSE & INDIRECT SALES AS % TOTAL SALES (%)		55.81	62.99	50.14	57.87
12. % SALES CHANGE OVER PRIOR YEAR (%)		7.76	4.28	7.12	10.74
13. NET SALES PER EMPLOYEE ($000)		331.52	223.58	378.56	354.42
14. GM PER EMPLOYEE ($000)		53.75	43.76	53.98	60.73
15. TOTAL PAYROLL AS % GM (%)		46.40	51.61	47.31	43.19
16. SALES SERVICE & SELLING EXP AS % GM (%)		36.04	40.20	35.51	33.68
17. TOTAL OPERATING EXP AS % GM (%)		82.98	92.38	82.98	73.43
18. PP INV TURNOVER (WHSE ONLY; X)		4.96	5.09	4.93	4.83
19. GM RETURN ON PP INV (WHSE ONLY; %)		169.54	179.91	160.65	156.77
20. DAY SALES IN ACCTS REC ON NOV 30 (DAYS)		42.09	44.09	41.47	41.07

*Appendix D defines the performance measures.

†These composite mean values are mutually comparable, however comparisons with previous years' median values should be made with caution.

**Appendix B sets forth the formation and measure of profitability groups, namely, of Return on Total Assets (ROTA) groups.

TABLE 2B

PRINTING PAPER MERCHANTS' PERFORMANCE MEASURES* (COMPOSITE MEANS+) SUMMARIZING SALES VOLUME AND EMPHASIS GROUPS**

PERFORMANCE MEASURE	YOUR FIRM	SALES VOLUME GROUPS				WAREHOUSE, INDIRECT & DIRECT SALES EMPHASIS GROUPS			
		UNDER $8MM	$8 TO $15MM	$15 TO $45MM	$45MM & OVER	OVER 70% DIRECT	30-55% WHSE & INDIRECT	55-70% WHSE & INDIRECT	70+% WHSE & INDIRECT
1. RETURN ON CAPITAL EMPLOYED (%)		18.18	16.89	21.79	24.62	23.54	24.99	18.55	18.64
2. NPBT AS % NET WORTH (%)		16.73	16.20	22.53	28.18	28.18	24.57	18.57	17.55
3. TOTAL ASSETS TO NET WORTH (X)		2.08	1.80	1.93	1.89	3.37	1.74	1.93	1.82
4. NPBT AS % TOTAL ASSETS (%)		11.67	10.19	14.04	15.76	9.33	15.05	11.75	9.41
5. NPBT AS % NET SALES (%)		2.03	2.00	2.83	3.41	1.66	2.95	2.28	1.89
6. NPBT AS % NET SALES (LIFO ADJ;%)		1.79	2.10	2.73	3.62	1.70	2.95	2.39	2.11
7. NET SALES TO TOTAL ASSETS (X)		3.93	5.26	5.05	4.26	5.92	5.39	4.10	3.90
8. WHSE PP GM AS % WHSE PP SALES (%)		25.53	24.57	24.37	25.52	24.30	24.68	24.43	23.46
9. WHSE & IND PP GM AS % WHSE & IND PP SLS (%)		25.46	22.93	23.28	24.89	24.03	23.60	23.28	25.45
10. DIRECT PP GM AS % DIRECT PP SALES (%)		7.64	7.90	7.43	6.68	6.84	7.41	7.70	8.89
11. WHSE & INDIRECT SALES AS % TOTAL SALES (%)		63.85	57.56	53.04	45.69	18.91	45.77	62.49	80.76
12. % SALES CHANGE OVER PRIOR YEAR (%)		9.28	7.44	6.90	7.62	5.76	8.49	5.79	11.34
13. NET SALES PER EMPLOYEE ($000)		217.28	328.03	344.30	425.85	776.51	390.27	306.75	209.07
14. GM PER EMPLOYEE ($000)		45.93	53.26	54.58	54.32	71.68	54.80	52.41	45.93
15. TOTAL PAYROLL AS % GM (%)		46.15	46.58	45.72	46.96	47.92	45.96	45.51	46.15
16. SALES SERVICE & SELLING EXP AS % GM (%)		30.74	36.71	35.78	37.89	43.80	36.16	35.10	33.68
17. TOTAL OPERATING EXP AS % GM (%)		84.76	83.33	82.63	77.01	84.62	82.63	81.38	85.21
18. PP INV TURNOVER (WHSE ONLY; X)		5.09	4.63	5.04	4.28	4.70	4.93	5.01	5.09
19. GM RETURN ON PP INV (WHSE ONLY; %)		178.46	165.95	176.88	149.07	160.65	170.40	171.67	177.28
20. DAY SALES IN ACCTS REC ON NOV 30 (DAYS)		42.05	42.43	41.92	41.27	42.68	39.93	42.43	44.95

*Appendix D defines the performance measures.
+These composite mean values are mutually comparable, however comparisons with previous years' median values should be made with caution.
**Appendix B sets forth the formation and measure of sales volume and emphasis groups.

Table 2C

PRINTING PAPER MERCHANTS'

PERFORMANCE MEASURES* (COMPOSITE MEANS**)

SUMMARIZING NPTA REGIONAL GROUPS

NPTA Regions

Region 1: CT, ME, MA, NH, RI & VT
Region 2: DE, DC, MD, NJ, NY & PA
Region 3: AL, FL, GA, NC, SC, TN, & VA
Region 4: IL, IN, KY, MI, MO, OH, WV, & WI
Region 5: CO, IA, KS, MN, MT, NE, ND, SD & WY
Region 6: AK, AZ, CA, HI, ID, NV, NM, OR, UT & WA
Region 7: AR, LA, MS, OK & TX

PERFORMANCE MEASURE	YOUR FIRM	REGIONAL GROUPS FOR ALL PRINTING PAPER MERCHANTS						
		REGION 1	REGION 2	REGION 3	REGION 4	REGION 5	REGION 6	REGION 7
1. RETURN ON CAPITAL EMPLOYED (%)		18.55	24.36	19.70	17.28	25.73	22.87	21.42
2. NPBT AS % NET WORTH (%)		22.51	25.99	21.84	13.22	29.72	29.36	17.08
3. TOTAL ASSETS TO NET WORTH (X)		1.43	2.05	2.50	1.89	2.18	1.91	1.70
4. NPBT AS % TOTAL ASSETS (%)		14.80	12.67	14.02	10.67	16.17	15.96	11.32
5. NPBT AS % NET SALES (%)		3.62	2.63	2.07	2.03	3.11	3.23	4.03
6. NPBT AS % NET SALES (LIFO ADJ;%)		3.62	2.63	1.89	2.00	3.11	3.23	4.03
7. NET SALES TO TOTAL ASSETS (X)		3.92	5.26	4.68	5.25	4.33	4.11	3.05
8. WHSE PP GM AS % WHSE PP SALES (%)		N.C.+	22.91	22.92	25.52	27.54	25.73	N.C.+
9. WHSE & IND PP GM AS % WHSE & IND PP SLS (%)		22.93	22.56	22.00	24.49	26.35	25.52	N.C.
10. DIRECT PP GM AS % DIRECT PP SALES (%)		7.91	7.50	6.90	7.64	7.05	6.61	N.C.
11. WHSE & INDIRECT SALES AS % TOTAL SALES (%)		63.18	45.85	48.84	57.56	53.04	64.42	N.C.
12. % SALES CHANGE OVER PRIOR YEAR (%)		12.32	5.59	23.57	4.52	15.76	8.01	7.61
13. NET SALES PER EMPLOYEE ($000)		366.79	396.83	362.03	299.46	328.04	290.55	243.18
14. GM PER EMPLOYEE ($000)		59.34	56.48	47.02	51.52	63.24	56.05	48.87
15. TOTAL PAYROLL AS % GM (%)		45.22	47.71	44.38	47.04	46.12	44.29	42.41
16. SALES SERVICE & SELLING EXP AS % GM (%)		31.35	36.03	34.59	37.05	37.35	30.11	28.87
17. TOTAL OPERATING EXP AS % GM (%)		81.37	84.58	80.55	84.76	79.82	80.86	79.03
18. PP INV TURNOVER (WHSE ONLY; X)		N.C.	6.14	4.44	4.82	5.04	4.63	N.C.
19. GM RETURN ON PP INV (WHSE ONLY; %)		N.C.	190.14	127.86	173.07	160.12	151.36	N.C.
20. DAY SALES IN ACCTS REC ON NOV 30 (DAYS)		48.55	42.68	40.71	41.28	36.61	42.09	N.C.

*Appendix D defines the performance measures.

**These composite mean values are mutually comparable, however comparisons with previous years' median values should be made with caution.

+Not calculated if less than four firms reported data.

TABLE 3A

INDUSTRIAL PAPER MERCHANTS' PERFORMANCE MEASURES* (COMPOSITE MEANS†) SUMMARIZING ALL FIRMS AND PROFITABILITY (ROTA**) GROUPS

PERFORMANCE MEASURE	YOUR FIRM	ALL INDUSTRIAL PAPER MERCHANTS	RETURN ON TOTAL ASSET GROUPS FOR ALL INDUSTRIAL PAPER MERCHANTS**		
			LOW PROFIT GROUP	MIDDLE PROFIT GROUP	HIGH PROFIT GROUP
1. RETURN ON CAPITAL EMPLOYED (%)		17.11	9.40	17.12	29.41
2. NPBT AS % NET WORTH (%)		21.06	7.62	20.10	31.52
3. TOTAL ASSETS TO NET WORTH (X)		1.89	3.51	2.14	1.60
4. NPBT AS % TOTAL ASSETS (%)		9.79	2.79	9.79	19.49
5. NPBT AS % NET SALES (%)		2.49	0.65	2.49	4.34
6. NPBT AS % NET SALES (LIFO ADJ;%)		2.51	0.69	2.51	4.70
7. NET SALES TO TOTAL ASSETS (X)		4.13	4.01	4.03	5.31
8. WHSE IP GM AS % WHSE IP SLS (%)		25.43	24.67	27.89	24.34
9. WHSE & IND IP GM AS % WHSE & IND IP SLS (%)		24.25	22.75	26.07	23.67
10. DIRECT IP GM AS % DIRECT % IP SLS (%)		14.26	17.12	14.25	11.45
11. WHSE & IND SLS AS % TOTAL SLS (%)		83.61	93.75	76.03	83.77
12. % SLS CHANGE OVER PRIOR YEAR (%)		9.21	10.89	9.32	9.10
13. NET SALES PER EMPLOYEE ($000)		184.07	164.59	184.29	190.00
14. GM PER EMPLOYEE ($000)		40.69	37.28	40.95	46.76
15. TOTAL PAYROLL AS % GM (%)		55.02	58.52	54.84	53.05
16. SLS SERVICE & SELLING EXP AS % GM (%)		36.48	40.08	36.70	34.28
17. TOTAL OPERATING EXP AS % GM (%)		89.78	94.57	90.05	84.05
18. IP INV TURNOVER (WHSE ONLY; X)		7.14	7.46	6.38	8.23
19. GM RETURN ON IP INV (WHSE ONLY, %)		251.93	243.06	249.83	276.98
20. DAY SLS IN ACCTS REC ON NOV 30 (DAYS)		37.10	42.13	39.05	32.65

*Appendix D defines the performance measures.

†These composite mean values are mutually comparable, however comparisons with previous years' median values should be made with caution.

**Appendix B sets forth the formation and measure of profitability groups, namely, of Return on Total Assets (ROTA) groups.

TABLE 3B

INDUSTRIAL PRINTING PAPER MERCHANTS' PERFORMANCE MEASURES* (COMPOSITE MEANS†) SUMMARIZING SALES VOLUME AND EMPHASIS GROUPS**

PERFORMANCE MEASURE	YOUR FIRM	SALES VOLUME GROUPS				WAREHOUSE-INDIRECT SALES EMPHASIS GROUPS		
		UNDER $3.0MM	$3.0 TO $5.5MM	$5.5 TO $10MM	OVER $10MM	UNDER 75% WHSE & INDIRECT	75% TO 90% WHSE & INDIRECT	90% & OVER WHSE & INDIRECT
1. RETURN ON CAPITAL EMPLOYED (%)		17.45	13.69	15.33	25.31	17.75	18.41	14.88
2. NPBT AS % NET WORTH (%)		33.97	15.05	17.22	24.14	21.68	21.85	16.24
3. TOTAL ASSETS TO NET WORTH (X)		1.99	2.44	2.06	1.69	2.01	1.77	2.35
4. NPBT AS % TOTAL ASSETS (%)		10.11	6.40	8.74	12.28	9.64	10.14	9.47
5. NPBT AS % NET SALES (%)		2.59	1.40	2.21	2.78	2.39	2.81	2.22
6. NPBT AS % NET SALES (LIFO ADJ;%)		2.59	1.57	2.21	2.78	2.39	2.81	2.49
7. NET SALES TO TOTAL ASSETS (X)		4.13	3.76	3.85	4.77	4.48	4.29	4.01
8. WHSE IP GM AS % WHSE IP SLS (%)		25.43	24.57	28.79	24.34	28.56	24.07	23.67
9. WHSE & IND IP GM AS & WHSE & IND IP SLS (%)		22.91	24.42	25.79	23.67	26.78	24.31	23.67
10. DIRECT IP GM AS % DIRECT % IP SLS (%)		15.37	13.44	19.00	13.13	14.25	14.19	15.00
11. WHSE & IND SLS AS % TOTAL SLS (%)		96.78	87.05	78.87	75.53	68.11	82.21	99.35
12. % SLS CHANGE OVER PRIOR YEAR (%)		10.40	11.17	8.65	8.36	8.58	10.56	9.70
13. NET SALES PER EMPLOYEE ($000)		153.19	186.90	173.85	201.70	205.49	183.75	162.35
14. GM PER EMPLOYEE ($000)		34.97	47.47	40.06	42.30	47.75	39.61	35.61
15. TOTAL PAYROLL AS % GM (%)		52.26	56.95	55.51	55.40	54.87	54.96	56.15
16. SLS SERVICE & SELLING EXP AS % GM (%)		33.29	37.83	39.82	34.85	40.39	37.05	35.28
17. TOTAL OPERATING EXP AS % GM (%)		84.31	93.81	93.27	89.78	90.20	89.09	91.73
18. IP INV TURNOVER (WHSE ONLY; X)		7.14	6.58	6.32	8.30	6.30	7.36	8.20
19. GM RETURN ON IP INV (WHSE ONLY, %)		251.93	274.32	233.94	276.98	274.47	223.40	254.25
20. DAY SLS IN ACCTS REC ON NOV. 30 (DAYS)		32.13	40.78	38.46	36.96	37.80	36.85	35.14

*Appendix D defines the performance measures.

†These composite mean values are mutually comparable, however comparisons with previous years' median values should be made with caution.

**Appendix B sets forth the formation and measure of sales volume and emphasis groups.

TABLE 3C

INDUSTRIAL PAPER MERCHANTS'

PERFORMANCE MEASURES* (COMPOSITE MEANS**)

SUMMARIZING NPTA REGIONAL GROUPS

NPTA Regions

Region 1: CT, ME, MA, NH, RI & VT
Region 2: DE, DC, MD, NJ, NY & PA
Region 3: AL, FL, GA, NC, SC, TN, & VA
Region 4: IL, IN, KY, MI, MO, OH, WV, & WI
Region 5: CO, IA, KS, MN, MT, NE, ND, SD & WY
Region 6: AK, AZ, CA, HI, ID, NV, NM, OR, UT & WA
Region 7: AR, LA, MS, OK & TX

PERFORMANCE MEASURE	YOUR FIRM	REGIONAL GROUPS FOR ALL INDUSTRIAL PAPER MERCHANTS						
		REGION 1	REGION 2	REGION 3	REGION 4	REGION 5	REGION 6	REGION 7
1. RETURN ON CAPITAL EMPLOYED (%)		17.22	15.80	24.83	16.97	27.63	14.46	18.11
2. NPBT AS % NET WORTH (%)		20.68	19.06	24.34	17.65	38.79	19.02	22.35
3. TOTAL ASSETS TO NET WORTH (X)		1.73	2.33	1.63	1.79	1.63	2.71	2.16
4. NPBT AS % TOTAL ASSETS (%)		11.43	9.51	13.05	9.38	16.52	8.54	11.91
5. NPBT AS % NET SALES (%)		3.60	2.22	2.87	2.21	3.21	1.96	2.96
6. NPBT AS % NET SALES (LIFO ADJ;%)		3.60	2.22	2.87	2.80	3.38	1.96	3.16
7. NET SALES TO TOTAL ASSETS (X)		3.57	3.66	4.85	4.48	4.28	4.66	3.71
8. WHSE IP GM AS % WHSE IP SLS (%)		N.C.*	27.01	23.12	23.29	N.C.*	28.51	N.C.*
9. WHSE & IND IP GM AS % WHSE & IND IP SLS (%)		23.85	25.33	24.75	23.10	24.03	26.52	N.C.
10. DIRECT IP GM AS % DIRECT IP SLS (%)		N.C.	15.05	13.57	13.25	N.C.	18.33	N.C.
11. WHSE & IND SLS AS % TOTAL SLS (%)		84.91	89.00	72.73	86.91	90.91	74.03	N.C.
12. % SLS CHANGE OVER PRIOR YEAR (%)		9.77	11.42	5.42	6.78	14.00	15.47	5.15
13. NET SALES PER EMPLOYEE ($000)		183.42	167.77	184.29	195.26	179.70	189.99	N.C.
14. GM PER EMPLOYEE ($000)		40.39	41.61	35.97	39.91	40.78	49.73	N.C.
15. TOTAL PAYROLL AS % GM (%)		50.81	53.05	56.41	57.06	54.11	56.95	55.36
16. SLS SERVICE & SELLING EXP AS % GM (%)		36.91	33.28	37.85	35.88	37.45	42.86	26.88
17. TOTAL OPERATING EXP AS % GM (%)		87.13	88.63	90.44	90.17	89.68	91.11	88.93
18. IP INV TURNOVER (WHSE ONLY; X)		N.C.	6.58	5.78	7.14	N.C.	7.36	N.C.
19. GM RETURN ON IP INV (WHSE ONLY; %)		N.C.	254.25	194.77	211.96	N.C.	297.89	N.C.
20. DAYS SLS IN ACCTS REC ON NOV. 30 (DAYS)		39.27	41.42	36.77	33.80	30.96	42.24	38.32

*Appendix D defines the performance measures.

**These composite mean values are mutually comparable, however comparisons with previous years' median values should be made with caution.

*Not calculated if less than four data provided.

TABLE 4A

DUAL MERCHANTS' PERFORMANCE MEASURES* (COMPOSITE MEANS†) SUMMARIZING ALL FIRMS AND PROFITABILITY (ROTA**) GROUPS

PERFORMANCE MEASURE	YOUR FIRM	ALL DUAL PAPER MERCHANTS	RETURN ON TOTAL ASSET GROUPS FOR ALL DUAL PAPER MERCHANTS** LOW PROFIT GROUP	MIDDLE PROFIT GROUP	HIGH PROFIT GROUP
1. RETURN ON CAPITAL EMPLOYED (%)		21.89	0.08	21.38	50.28
2. NPBT AS % NET WORTH (%)		24.56	-4.15	24.04	51.00
3. TOTAL ASSETS TO NET WORTH (X)		1.85	1.76	1.85	1.88
4. NPBT AS % TOTAL ASSETS (%)		14.76	-1.67	13.02	24.59
5. NPBT AS % NET SALES (%)		3.14	-0.38	2.92	4.40
6. NPBT AS % NET SALES (LIFO ADJ;%)		3.21	-0.37	3.03	4.40
7. NET SALES TO TOTAL ASSETS (X)		4.69	4.33	4.45	5.59
8. WHSE GM AS % WHSE SALES (%)		22.64	21.94	22.61	22.78
9. WHSE & IND GM AS % WHSE & IND SLS (%)		22.32	22.33	22.36	22.18
10. DIRECT GM AS % DIRECT SLS (%)		8.30	9.20	7.85	9.43
11. WHSE & IND SLS AS % TOTAL SLS (%)		62.01	65.60	60.66	64.54
12. % SLS CHANGE OVER PRIOR YEAR (%)		8.42	-2.32	9.56	7.44
13. NET SALES PER EMPLOYEE ($000)		255.64	218.24	248.72	278.64
14. GM PER EMPLOYEE ($000)		46.70	38.88	46.41	49.21
15. TOTAL PAYROLL AS % GM (%)		47.51	56.80	46.69	47.53
16. SLS SERVICE & SELLING EXP AS % GM (%)		36.09	43.64	36.55	33.50
17. TOTAL OPERATING EXP AS % GM (%)		83.12	100.92	83.89	77.73
18. INV TURNOVER (WHSE ONLY; X)		5.34	4.55	5.25	5.82
19. GM RETURN ON INV (WHSE ONLY; %)		156.27	127.87	153.41	171.60
20. DAYS SLS IN ACCTS REC ON NOV. 30 (DAYS)		37.89	36.56	39.05	35.02

*Appendix D defines the performance measures.

†These composite mean values are mutually comparable, however comparisons with previous years' median values should be made with caution.

**Appendix B sets forth the formation and measure of profitability groups, namely, of Return on Total Assets (ROTA) groups.

TABLE 48

DUAL MERCHANTS' PERFORMANCE MEASURES* (COMPOSITE MEANS†) SUMMARIZING SALES VOLUME AND EMPHASIS GROUPS**

PERFORMANCE MEASURE	YOUR FIRM	SALES VOLUME GROUPS			WAREHOUSE-INDIRECT SALES EMPHASIS GROUPS		
		UNDER $10MM	$10 TO $60MM	$60MM & OVER	UNDER 65% WHSE & INDIRECT	65% TO 80% WHSE & INDIRECT	80% & Over WHSE & INDIRECT
1. RETURN ON CAPITAL EMPLOYED (%)		10.92	22.51	22.82	23.52	22.62	18.20
2. NPBT AS % NET WORTH (%)		10.62	25.36	25.75	25.14	25.51	21.92
3. TOTAL ASSETS TO NET WORTH (X)		1.56	1.78	1.91	1.78	1.68	2.32
4. NPBT AS % TOTAL ASSETS (%)		9.35	16.13	14.70	14.57	18.65	9.66
5. NPBT AS % NET SALES (%)		1.85	3.22	3.23	2.98	3.75	2.51
6. NPBT AS % NET SALES (LIFO ADJ;%)		2.06	3.59	3.24	2.99	3.87	2.68
7. NET SALES TO TOTAL ASSETS (X)		4.74	5.01	4.56	4.90	4.92	3.82
8. WHSE GM AS % WHSE SLS (%)		23.19	23.29	22.29	22.00	23.01	23.01
9. WHSE & IND GM AS % WHSE & IND SLS (%)		23.05	23.08	21.91	22.08	22.26	22.89
10. DIRECT GM AS % DIRECT SLS (%)		10.65	9.46	7.70	7.57	9.81	11.32
11. WHSE & IND SLS AS % TOTAL SLS (%)		75.10	62.84	60.43	48.54	74.10	85.55
12. % SLS CHANGE OVER PRIOR YEAR (%)		5.15	6.73	9.48	8.11	8.48	9.27
13. NET SALES PER EMPLOYEE ($000)		208.93	281.20	248.54	328.16	247.23	193.75
14. GM PER EMPLOYEE ($000)		41.70	50.88	45.03	51.87	47.34	40.65
15. TOTAL PAYROLL AS % GM (%)		48.82	48.13	46.93	46.54	48.42	49.59
16. SLS SERVICE & SELLING EXP AS % GM (%)		34.79	36.67	35.98	37.19	34.04	37.10
17. TOTAL OPERATING EXP AS % GM (%)		90.40	82.91	82.38	82.71	82.19	85.50
18. INV TURNOVER (WHSE ONLY; X)		5.77	5.85	5.11	4.61	6.00	5.72
19. GM RETURN ON INV (WHSE ONLY; %)		174.41	177.48	145.68	130.32	179.18	171.06
20. DAYS SLS IN ACCTS REC ON NOV. 30 (DAYS)		37.93	36.91	38.31	38.34	36.64	39.35

*Appendix D defines the performance measures.

†These composite mean values are mutually comparable, however comparisons with previous years' median values should be made with caution.

**Appendix B sets forth the formation and measure of sales volume and emphasis groups.

TABLE 4C

DUAL PAPER MERCHANTS'

PERFORMANCE MEASURES* (COMPOSITE MEANS**)

SUMMARIZING NPTA REGIONAL GROUPS

NPTA Regions

Region 1: CT, ME, MA, NH, RI & VT
Region 2: DE, DC, MD, NJ, NY & PA
Region 3: AL, FL, GA, NC, SC, TN, & VA
Region 4: IL, IN, KY, MI, MO, OH, WV, & WI
Region 5: CO, IA, KS, MN, MT, NE, ND, SD & WY
Region 6: AK, AZ, CA, HI, ID, NV, NM, OR, UT & WA
Region 7: AR, LA, MS, OK & TX

PERFORMANCE MEASURE	YOUR FIRM	REGIONAL GROUPS FOR ALL DUAL PAPER MERCHANTS						
		REGION 1	REGION 2	REGION 3	REGION 4	REGION 5	REGION 6	REGION 7
1. RETURN ON CAPITAL EMPLOYED (%)		N.C.+	24.14	16.05	29.08	20.90	N.C.+	24.55
NPBT AS % NET WORTH (%)		N.C.	25.49	17.15	31.85	22.94	N.C.	36.51
3. TOTAL ASSETS TO NET WORTH (X)		N.C.	1.78	2.15	1.77	1.67	N.C.	2.05
4. NPBT AS % TOTAL ASSETS (%)		N.C.	12.91	7.99	18.34	15.98	14.88	23.40
5. NPBT AS % NET SALES (%)		N.C.	2.60	1.88	3.85	3.35	2.99	4.64
6. NPBT AS % NET SALES (LIFO ADJ;%)		N.C.	2.93	1.88	3.91	3.41	2.99	4.74
7. NET SALES TO TOTAL ASSETS (X)		N.C.	4.97	4.25	4.75	4.77	4.99	4.75
8. WHSE GM AS % WHSE SLS (%)		N.C.	23.80	22.01	21.54	25.40	N.C.	25.72
9. WHSE & IND GM AS % WHSE & IND SLS (%)		N.C.	23.91	21.76	22.62	23.61	21.53	25.25
10. DIRECT GM AS % DIRECT SLS (%)		N.C.	9.54	10.61	8.84	10.06	6.67	9.37
11. WHSE & IND SLS AS % TOTAL SLS (%)		N.C.	64.02	75.21	50.84	74.40	56.25	72.27
12. % SLS CHANGE OVER PRIOR YEAR (%)		N.C.	8.28	7.74	7.55	11.05	8.28	7.78
13. NET SALES PER EMPLOYEE ($000)		N.C.	272.83	213.38	312.52	243.73	N.C.	232.62
14. GM PER EMPLOYEE ($000)		N.C.	51.12	40.43	49.52	49.67	N.C.	48.49
15. TOTAL PAYROLL AS % GM (%)		N.C.	48.93	56.10	48.29	47.92	46.03	43.33
16. SLS SERVICE & SELLING EXP AS % GM (%)		N.C.	37.25	41.25	34.44	38.07	34.64	33.92
17. TOTAL OPERATING EXP AS % GM (%)		N.C.	85.54	87.40	79.19	85.12	85.95	77.62
18. INV TURNOVER (WHSE ONLY; X)		N.C.	7.55	5.31	5.42	5.37	N.C.	5.50
19. GM RETURN ON INV (WHSE ONLY; %)		N.C.	235.84	150.00	148.74	182.55	N.C.	190.64
20. DAYS SLS IN ACCTS REC ON NOV. 30 (DAYS)		N.C.	42.72	37.97	36.33	34.59	38.26	33.70

*Appendix D defines the performance measures.

**These composite mean values are mutually comparable, however comparisons with previous years' median values should be made with caution.

+Not calculated if less than four data provided.

TABLE 5

CONDENSED OPERATING STATEMENTS FOR PRINTING, INDUSTRIAL & DUAL PAPER MERCHANTS
(WEIGHTED MEANS & MEDIANS -- % OF NET SALES*)

OPERATING STATEMENT	ALL PRINTING PAPER MERCHANTS		ALL INDUSTRIAL PAPER MERCHANTS		ALL DUAL PAPER MERCHANTS	
	WEIGHTED MEAN	MEDIAN	WEIGHTED MEAN	MEDIAN	WEIGHTED MEAN	MEDIAN
TOTAL SALES (%)	100.00	100.00	100.00	100.00	100.00	100.00
TOTAL COST OF GOODS SOLD (%)	84.59	83.38	77.26	77.06	82.97	80.62
GROSS TRADING MARGIN (%)	15.41	16.62	22.74	22.94	17.03	19.38
TOTAL OPERATING EXPENSES (%)	12.40	13.51	20.39	20.62	14.14	16.37
NET OPERATING PROFIT (%)	3.01	2.56	2.35	2.24	2.87	2.94
FINANCIAL GAINS						
CASH DISCOUNTS EARNED (%)	1.47	1.46	1.00	1.00	1.27	1.22
INCOME FROM OUTSIDE INVESTMENTS (%)	0.06	0.00	0.18	0.00	0.03	0.00
ALL OTHER GAINS (%)	0.26	0.20	0.26	0.13	0.22	0.11
TOTAL FINANCIAL GAINS (%)	1.78	1.67	1.38	1.21	1.51	1.36
FINANCIAL LOSSES						
CASH DISCOUNTS ALLOWED (%)	1.13	1.18	0.44	0.41	0.93	0.95
INTEREST ON BORROWED CAPITAL (%)	0.48	0.31	0.51	0.38	0.28	0.24
ALL OTHER LOSSES (%)	0.08	0.00	0.19	0.00	0.04	0.00
TOTAL FINANCIAL LOSSES (%)	1.68	1.71	1.11	0.93	1.25	1.26
NET FINANCIAL GAIN OR LOSS (%)	0.10	-0.05	0.27	0.22	0.26	0.11
NET PROFIT BEFORE TAXES (%)	3.12	2.31	2.62	2.49	3.14	2.69
CORPORATE INCOME TAXES (%)	1.43	1.01	1.05	0.82	1.56	1.27
NET PROFIT AFTER TAXES (%)	1.55	1.27	1.51	1.53	1.77	1.56

*The percentages may not add to exactly 100% because some firms did not report some items.

TABLE 6

COMPOSITE BALANCE SHEETS FOR PRINTING, INDUSTRIAL & DUAL PAPER MERCHANTS
(ARITHMETIC MEANS AS % OF TOTAL ASSETS*)

BALANCE SHEET	ALL PRINTING PAPER MERCHANTS	ALL INDUSTRIAL PAPER MERCHANTS	ALL DUAL PAPER MERCHANTS
ASSETS			
CASH & MARKETABLE SECURITIES (%)	1.58	6.08	-1.68
ACCOUNTS & NOTES RECEIVABLE, TRADE (%)	55.71	43.03	50.86
INVENTORY (%)	30.29	34.39	39.79
OTHER CURRENT ASSETS (%)	1.32	2.15	1.92
TOTAL CURRENT ASSETS (%)	88.64	85.65	90.95
NET FIXED ASSETS (%)	8.44	11.38	8.18
OUTSIDE INVESTMENTS (%)	1.35	1.32	0.07
OTHER NON-CURRENT ASSETS (%)	1.58	1.66	1.04
TOTAL ASSETS (%)	100.00	100.00	100.00
LIABILITIES AND NET WORTH			
ACCOUNTS PAYABLE (%)	23.78	22.93	20.34
BANK LOANS (LESS THAN ONE YEAR) (%)	9.27	6.51	4.28
OTHER CURRENT LIABILITIES (%)	6.19	10.18	7.52
TOTAL CURRENT LIABILITIES (%)	40.67	39.63	32.35
LONG TERM LIABILITIES (%)	8.48	12.28	10.12
CAPITAL & SURPLUS (EQUITY) (%)	54.94	48.09	58.50
TOTAL LIABILITIES & NET WORTH (%)	100.00	100.00	100.00

*The percentages may not add to exactly 100% because some firms did not report some items.

APPENDIX A

CHARACTERISTICS OF THE PARTICIPANTS
IN THE NPTA/MFI 1977-81 ANNUAL PERFORMANCE SURVEYS

NUMBER OF SURVEY FORMS IN THE DATA BASE

SURVEY YEAR	1977	1978	1979	1980	1981
PRINTING EMPHASIS	52	76	94	102	97
INDUSTRIAL EMPHASIS	60	80	103	81	75
DUAL EMPHASIS	48	55	77	63	71
TOTAL	160	211	274	246	243

MEDIAN SALES OF PARTICIPANTS ($000)

SURVEY YEAR	1977	1978	1979	1980	1981
PRINTING EMPHASIS	12,422	12,799	12,160	16,096	14,612
INDUSTRIAL EMPHASIS	4,377	3,899	4,617	6,440	6,727
DUAL EMPHASIS	14,572	14,578	13,852	14,428	12,539

TOTAL SALES OF PARTICIPANTS ($000)

SURVEY YEAR	1977	1978	1979	1980	1981
PRINTING EMPHASIS	986,512	1,470,211	2,002,022	2,666,498	2,476,786
INDUSTRIAL EMPHASIS	431,173	529,838	727,101	732,080	755,234
DUAL EMPHASIS	2,345,435	2,768,496	3,197,200	2,652,981	2,499,820
TOTAL	3,763,120	4,768,544	5,926,323	6,051,559	5,731,840

PERCENTAGE OF TOTAL SALES REPRESENTED
BY EACH GROUP

SURVEY YEAR	1977	1978	1979	1980	1981
PRINTING EMPHASIS	26.21%	30.83%	33.78%	44.06%	43.21%
INDUSTRIAL EMPHASIS	11.46%	11.11%	12.27%	12.10%	13.18%
DUAL EMPHASIS	62.33%	58.06%	53.95%	43.84%	43.61%
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%

APPENDIX B

SURVEY METHODOLOGY

For 1976 and prior years, the NPTA Survey results published in Paper Merchant Performance were developed from data submitted by the member firms to Price Waterhouse & Company. Price Waterhouse accumulated this financial information and submitted "summary totals" and "certain averages" to NPTA. The summary data were grouped and developed by NPTA. (See page 68 of the 1977 edition of Paper Merchant Performance for details.)

For 1977-1981, all data were submitted to Management Foresight, Inc. (MFI) of Columbus, Ohio; MFI calculated all results.

When there is a change from one survey approach to another, there are potential continuity problems. Therefore, the remainder of the appendix will discuss the 1977-1981 methodology in some detail and, as appropriate, the methodology used in earlier years.

CALCULATION APPROACHES

In 1977-1981, medians, quartiles, and composite averages were used as statistical measures. Most of the results in the Exhibits which form the basis for most of the discussion in the main body of the report are composite averages. Most of the results in the supplementary tables of this report and of the individual PAR Reports are presented as medians.

COMPOSITE AVERAGES

A composite average is an excellent measure of how a group of firms is doing as a whole. It is calculated by first adding together all appropriate dollar values or other values such as number of people and then calculating the ratio or performance measure. For example, to calculate the composite average Net Profit Before Taxes to Net Sales for All Paper Merchant Firms in Exhibit 2, the Net Profit Before Taxes for all firms were added together, the Net Sales for all firms were added together, and the following calculation was made:

$$\frac{\text{NET PROFIT BEFORE TAXES}}{\text{NET SALES}} = \frac{\text{Total NET PROFIT BEFORE TAXES for All Firms in the Survey}}{\text{Total NET SALES for All Firms}}$$

As an example, the 1977 dollar values are shown below:

$$\frac{\text{Total NET PROFIT BEFORE TAXES for All Firms}}{\text{Total NET SALES for All Firms}} = \frac{\$\ 99,348,500}{3,763,119,920} = 2.64\%$$

If a firm did not supply all of the data needed for a particular calculation, then none of its data were used to develop the industry totals for that particular measure (if it supplied the needed data for other measures, then its data would be used to calculate those measures).

MEDIAN AND QUARTILE VALUES

Three values are generally reported for each performance measure in the PAR Reports. They are the upper quartile value -- the median figure -- and the lower quartile value. The results presented in Tables 1 through 6 of this report are generally medians.

For any given performance measure, these three figures are calculated by, first, arraying (or arranging) all the numerical values of the performance measure as calculated for each firm in numerical order from the strongest to the weakest. The figure that falls in the middle of the array, or the listing of values, is the median. One-half of the firms had stronger performance and one-half of the firms had weaker performance.

The word "Quartile" implies that something is broken down into quarter segments. The upper quartile value is the figure one-quarter of the way down from the very strongest number. Or, it is the figure halfway between the very strongest and the median value. The lower quartile figure would be the value one-quarter up from the very weakest ratio. It is the figure halfway between the median and the weakest value.

The presentation and use of median-quartile values minimizes the distortion caused by one firm reporting a very unusual value for a performance measure due to a mistake or because of some special circumstances. For example, a new firm that had sustained several years of losses might have a very small owners's equity--say $10. If the firm recovered and acheived a profit of, say $100,000, the calculated return on net worth would be $100,000/$10, or 1,000,000%. Thus, an average type of summary measure could be seriously distorted. The methodology of identifying the median is, on the other hand, not as sensitive to such unusual figures; it treats an unusually large quantity the same as it treats any other figure above the median. For most applications, this results in more meaningful comparative values.

In addition, the median value is more representative of how individual firms (or division) have performed. While a composite average is dominated by the results of the larger firms, large and small firms have the same influence on a median. Therefore, it is desirable to examine both the median and the composite average for important performance measures.

Because of the approach used, the firm whose performance was the median for one performance measure may be, and probably is, different than the firm which was the median for another measure. This occurs because all of the values are resorted and independent medians and quartiles are calculated for each performance measure. Thus, there is no single upper quartile firm -- or median firm -- or lower quartile firm in this report.

For 1977 and 1978, firms were asked to report for their operations in each of the six NPTA Regions. Thus, a firm with operations in only one region submitted one survey form. A firm with operations in two, or more, NPTA regions submitted either one form for all its operations, or individual forms for its regional operations. In 1979, firms were allowed to report on a branch basis if complete branch data could be provided. Since 1979, there have been seven NPTA Regions.

THE ORGANIZATION OF INFORMATION

This survey sets up four major groups of firms by commodity line:

GROUP I: ALL PAPER MERCHANTS takes all reporting firms together without regard to commodity line specialization.

GROUP II: PRINTING PAPER MERCHANTS takes together all firms obtaining 80%, or more, of their total sales from the sale of printing papers.

GROUP III: INDUSTRIAL PAPER MERCHANTS takes together all firms obtaining 80%, or more, of their total sales from the sale of industrial papers.

GROUP IV: DUAL PAPER MERCHANTS takes together all firms obtaining less than 80% of their total sales from the sale of either printing or industrial papers.

Before any further calculations were made, the reporting firms were sorted into two of the four groups above. Groups Two, Three and Four were also sorted into five subgroups.

GROUP I - ALL PAPER MERCHANTS

Summary performance measures were calculated for All Paper Merchant firms as a group. None of the subgroupings were used for this group.

GROUP II - PRINTING PAPER MERCHANTS

The Printing Paper Merchant firms were sorted into five types of subgroups:

1. One (1) All Reporting Printing Paper Emphasis Firms Group

2. Seven (7) NPTA Geographic Regions Groups

3. Four (4) Sales Volume Groups
   $0.0 - 8.0 Million in Sales
   $8.0 - 15 Million in Sales
   $15 - 45 Million in Sales
   Over $45 Million in Sales

4. Three (3) Return On Total Assets (ROTA) Groups. The printing paper firms were sorted into three profitability groups based upon their return before taxes on total assets. In effect, each performance measure is shown as a median value for the top 25% of the printing paper firms in terms of profitability, for the middle 50% and for the bottom 25%. (ROTA sorting is discussed later in this appendix.)

5. Four (4) Warehouse-Indirect-Direct Sales Path Groupings. The printing paper firms were sorted into four sales paths because many performance measures differ significantly depending on warehouse-indirect-direct sales mixes. The following criteria produced subgroups of approximately the same size.

70%, or More	Direct Sales
30-55%	Warehouse and Indirect Sales
55-70%	Warehouse and Indirect Sales
70%, or More	Warehouse and Indirect Sales

GROUP III - INDUSTRIAL PAPER MERCHANTS

The Industrial Paper Merchants were sorted into five types of subgroups:

1. One (1) All Reporting Industrial Paper Emphasis Firms Group

2. Seven (7) NPTA Geographic Regional Groups

3. Four (4) Sales Volume Groups
   - $0.0 - 3.0 Million in Sales
   - $3.0 - 5.5 Million in Sales
   - $5.5 - 10 Million in Sales
   - Over $10 Million in Sales

4. Three (3) Return On Total Assets (ROTA) Groups. The industrial paper firms were similarly sorted into their own profitability groups based upon the return on assets of the top 25%, middle 50%, and lower 25% of the reporting industrial merchant firms.

5. Three (3) Warehouse-Indirect Sales Path Groupings. The industrial paper firms were sorted into three warehouse-indirect sales emphasis groupings.

Under 75%	Warehouse and Indirect Sales
75% to 90%	Warehouse and Indirect Sales
90%, and Over	Warehouse and Indirect Sales

GROUP IV- DUAL PAPER MERCHANTS

The Dual Paper Merchants were sorted into five subgroups:

1. One (1) All Dual Paper Merchant Firms

2. Seven (7) NPTA Geographic Regional Groups

3. Three (3) Sales Volume Groups
   - $0.0 - 10 Million in Sales
   - $10 - 50 Million in Sales
   - Over $50 Million in Sales

4. Three (3) Return On Total Assets (ROTA) Groups.

5. Three (3) Warehouse-Indirect Sales Emphasis Groups

Under 60%	Warehouse and Indirect Sales
60 - 75%	Warehouse and Indirect Sales
Over 75%	Warehouse and Indirect Sales

RETURN ON TOTAL ASSET (ROTA) GROUPS

Return On Total Assets (ROTA) is an excellent measure of operational performance because it combines measures of profitability, i.e., Net Profit Margin, and asset management, viz., Total Asset Turnover:

Return On Total Assets = Net Profit Margin x Total Asset Turnover

$$\frac{\text{Net Profit Before Taxes}}{\text{Total Assets}} = \frac{\text{Net Profit Before Taxes}}{\text{Net Sales}} \times \frac{\text{Net Sales}}{\text{Total Assets}}$$

Firms are separated into three ROTA subgroups, representing high, middle, and low returns on total assets values, and the various performance measures are computed for each ROTA group. The discussion below and Figure 1 to the right explain how these ROTA Group measures are developed.

Firstly, calculate ROTA for each firm. (Step 1.) Secondly, arrange the ROTA values for the firms in order from highest to lowest. (Step 2.) In the example in Figure 1, the highest ROTA acheived by any firm was 22.38%, while the lowest was -8.69%. The sorting process shown in Figure 1 assumes that there are 60 firms in the sample. Three ROTA groups are defined using the upper and lower quartile values as the cutoff points. (Step 3.)

	Number of Firms in Groups	Ranges of ROTA Values for Firms in Groups
High ROTA Groups	15	10.69% to 22.38%
Middle ROTA Groups	30	3.53% to 10.69%
Low ROTA Groups	15	-8.68% to 3.53%

These three groups of firms remain fixed for all following calculations.

After establishing the three ROTA groups, the median for each performance measure is calculated for each group. For example, the Gross Profit Margin (%) of each firm in each group is calculated. (Step 4.) Then the Gross Profit Margin (%) values are arranged in order from highest to lowest within each group. (Step 5.) The median value is selected in each of the three groups. (Step 6.) These three median values are reported as the representative performance of each of the three ROTA groups. The determination of the median of the high ROTA group is illustrated in the figure.

The procedure in Steps 4, 5, and 6 is repeated for each performance measure for each major product emphasis group. Thus, if there are 300 performance measures in the survey, the calculation, rank ordering and median selection process would be repeated 900 times for each group to produce the median values for the three ROTA groups.

The ROTA group data are usually valuable because they reflect the different operating policies and performance levels of the low, middle, and high profit firms in a major group. ROTA group data should not be the sole basis for major policy changes, but they usually identify areas that should be explored more carefully.

FIGURE 1: DEVELOPMENT OF ROTA GROUP DATA

STEP 1 Calculate ROTA for each firm:

$$\text{ROTA} = \frac{\text{Net Profit Before Taxes}}{\text{Total Assets}} = \frac{\$70,000}{\$1,000,000} = 7.00\%$$

STEP 2 Arrange the firms' ROTA values from highest to lowest as illustrated below to the right.

STEP 3 Separate the firms into 3 groups: a HIGH ROTA GROUP composed of those firms whose ROTAs were above the industry upper quartile ROTA value (10.69% in this case); a LOW ROTA GROUP composed of those firms whose ROTAs were below the industry lower quartile ROTA value (3.53%); and a MIDDLE ROTA GROUP composed of those firms whose ROTAs were between the two quartile values (Between 3.53% and 10.69%).

STEP 4 Within each of the 3 ROTA GROUPS, calculate each performance measure.

STEP 5 Arrange the results from high to low in each of the 3 groups for each measure.

STEP 6 Determine the median value for <u>each</u> measure in <u>each</u> ROTA group. This value is published as the representative performance measure for the group.

ROTA GROUP FIRM ARRAY

	HIGHEST ROTA:	22.38%
H	R G	.
I	O R	.
G	T O	.
H	A U	.
	P	.
	UPPER QUARTILE:	10.69%
M		.
I		.
D		.
D		.
L		.
E		.
R	MEDIAN	6.83%
O		.
T		.
A		.
		.
G		.
R		.
O		.
U		.
P	LOWER QUARTILE:	3.53%
L	R G	.
O	O R	.
W	T O	.
	A U	.
	P	.
	LOWEST ROTA:	-8.69%

ILLUSTRATION OF THE MEDIAN OF THE HIGH ROTA GROUP

	<u>High ROTA Group</u>
The Highest ROTA	22.38%
	.
	.
THE MEDIAN OF HIGH ROTA GROUP	15.21%
	.
	.
The Upper Quartile ROTA	10.69%

APPENDIX C

MFI PROFIT MODEL

The profit model summarizes a firm's, or an industry's, performance in three key management areas: sales profit margin management, asset management and financial position management. The model actually proceeds in two phases. Firstly, the return on sales and the asset turnover are multiplied for the return on assets. The product of this multiplication is also known as the measure Return On Total Assets (ROTA).

$$\frac{\text{Net Profit Before Taxes}}{\text{Net Sales}} \times \frac{\text{Net Sales}}{\text{Total Assets}} = \frac{\text{Net profit Before Taxes}}{\text{Total Assets}}, \text{ or (ROTA)}$$

Secondly, Return On Total Assets (ROTA) and the leverage multiplier are multiplied for the measure Return On Net Worth (RONW), that is:

ROTA x Financial Leverage Multilpier = RONW

These two phases are customarily run together in summary fasion. We will display the model and substitute values from the financial statements of the fictitious Alpha Paper Company.

Alpha Paper's Data:

Net Sales	=	$10,000,000
Net Profit Before Taxes	=	350,000
Total Assets	=	2,700,000
Total Debt	=	1,350,000
Net Worth	=	1,350,000

Alpha Paper's Profit Model:

Profit Margin On Sales	x	Total Asset Turnover	=	Return On Total Assets	x	Financial Leverage Multiplier	=	Return On Net Worth
$\frac{\text{Net profit Before Taxes}}{\text{Net Sales}}$	x	$\frac{\text{Net Sales}}{\text{Total Assets}}$	=	$\frac{\text{Net profit Before Taxes}}{\text{Total Assets}}$	x	$\frac{\text{Total Assets}}{\text{Net Worth}}$	=	$\frac{\text{Net profit Before Taxes}}{\text{Net Worth}}$
$\frac{\$ \ 350,000}{\$10,000,000}$	x	$\frac{\$10,000,000}{\$ \ 2,700,000}$	=	$\frac{\$ \ 350,000}{\$2,700,000}$	x	$\frac{\$2,700,000}{\$1,350,000}$	=	$\frac{\$ \ 350,000}{\$1,350,000}$
3.5%		3.70		12.96%		2.00		25.93%

APPENDIX D

DEFINITIONS OF PERFORMANCE MEASURES*

1. RETURN ON CAPITAL EMPLOYED (%) =

$$\frac{\text{Net Profit Before Taxes} + \text{Interest on Borrowed Capital} - \text{Income from Outside Investments}}{\text{Ending Capital and Surplus}^{**} + \text{Long Term Liabilities} + \text{Bank Loans}^{***} - \text{Outside Investments}}$$

2. NET PROFIT BEFORE TAXES AS % NET WORTH (%) =

$$\frac{\text{Net Profit Before Taxes}}{\text{Ending Capital and Surplus}^{**}}$$

3. TOTAL ASSETS TO NET WORTH (X) =

$$\frac{\text{Ending Total Assets}}{\text{Ending Capital and Surplus}^{**}}$$

4. NET PROFIT BEFORE TAXES AS % TOTAL ASSETS (%) =

$$\frac{\text{Net Profit Before Taxes}}{\text{Ending Total Assets}}$$

5. NET PROFIT BEFORE TAXES AS % NET SALES (%) =

$$\frac{\text{Net Profit Before Taxes as}}{\text{Net Sales}}$$

6. NET PROFIT BEFORE TAXES AS % NET SALES (LIFO ADJ; %) =

$$\frac{\text{Net Profit Before Taxes} + \text{Additions to (Deletions from) LIFO Reserve}}{\text{Net Sales}}$$

7. NET SALES TO TOTAL ASSETS (X) =

$$\frac{\text{Net Sales}}{\text{Ending Total Assets}}$$

8. WHSE PRINT PAPER GROSS MARGIN AS % WHSE PRINT SALES (%) =

$$\frac{\text{Gross Trading Margin on Whse Print Paper Sales}}{\text{Total Whse Print Paper Sales}}$$

9. WHSE & INDIRECT PRINT PAPER GROSS MARGIN AS % WHSE & INDIRECT PRINT PAPER SALES (%) =

$$\frac{\text{Gross Trading Margin on Whse \& Indirect Print Paper Sales}}{\text{Total Whse \& Indirect PP Sls}}$$

10. DIRECT PRINT PAPER GROSS MARGIN AS % DIRECT PRINT PAPER SALES (%) =

$$\frac{\text{Gross Trading Margin on Direct Print Paper Sales}}{\text{Total Direct Print Paper Sales}}$$

11. WHSE INDUSTRIAL PAPER GROSS MARGIN AS % WHSE INDUSTRIAL PAPER SALES (%) =

$$\frac{\text{Gross Trading Margin on Whse Industrial Paper Sales}}{\text{Total Whse IP Sales}}$$

*See the survey questionnaire in Appendix G for definitions of data inputs to these measures.

**Capital and Surplus = Common Equity = Net Worth.

***Bank Loans Due in Less Than One Year was added to the denominator in 1978.

12.	WHSE & INDIRECT INDUSTRIAL PAPER GROSS MARGIN AS % WHSE & INDIRECT IP SALES (%)	=	Gross Trading Margin on Whse & Indirect Industrial Paper Sales / Total Whse & Indirect IP Sales
13.	DIRECT INDUSTRIAL PAPER GROSS MARGIN AS % DIRECT INDUSTRIAL PAPER SALES (%)	=	Gross Trading Margin on Direct Industrial Paper Sales / Total Direct IP Sales
14.	WAREHOUSE & INDIRECT SALES AS % TOTAL SALES (%)	=	Whse & Indirect Sales / Total Net Sales
15.	PERCENT SALES CHANGE OVER PRIOR YEAR (%)	=	1981 Sales - 1980 Sales / 1980 Sales
16.	NET SALES PER EMPLOYEE ($000)	=	Total Net Sales / Av. Total No. of People Employed*
17.	GROSS MARGIN PER EMPLOYEE ($000)	=	Total Gross Margin / Av. Total No. of People Employed*
18.	TOTAL PAYROLL AS % GROSS MARGIN (%)	=	Total Payroll / Total Gross Trading Margin
19.	SALES SERVICE & SELLING EXPENSE AS % GROSS TRADING MARGIN (%)	=	Total Sales Service Expense + Total Selling Expense / Total Gross Trading Margin
20.	TOTAL OPERATING EXPENSES AS % GROSS TRADING MARGIN (%)	=	Total Operating Expenses / Total Gross Trading Margin
21.	PRINT PAPER INVENTORY TURNOVER (WHSE ONLY; %)**	=	Total Whse Print Paper Cost of Goods Sold / [Beginning of PP Inventory + Ending PP Inventory] / 2
22.	GROSS MARGIN RETURN ON ON PRINT PAPER INVENTORY (WHSE ONLY; %)**	=	Total Whse Print Paper Gross Trading Margin / [Beginning of Print Paper + Ending PP Inventory] / 2
23.	INDUSTRIAL PAPER INVENTORY TURNOVER (WHSE ONLY; %)**	=	Total Whse Industrial Paper Cost of Goods Sold / [Beginning IP Inventory + Ending IP Inventory] / 2
24.	GROSS MARGIN RETURN ON INDUSTRIAL PAPER INVENTORY (WHSE ONLY; %)**	=	Total Whse Industrial Paper Gross Trading Margin / [Beginning IP Inventory + Ending IP Inventory] / 2
25.	DAYS SALES IN ACCOUNTS RECEIVABLE ON NOVEMBER 30 (DAYS)	=	[Trade Notes & Accounts Receivable on Nov. 30, 1981] x 61 / Credit Sales for Oct. & Nov., 1981

*See page G-9 in Appendix G for a definition of total personnel.
**Indirect sales were excluded from warehouse sales for 1978-81 but not for 1977.

APPENDIX E

MAJOR CHANGES IN THE NPTA/MFI SURVEY

RECOGNITION OF INDIRECT SALES IN THE 1978 AND LATER SURVEYS

A major change was made in the NPTA Survey starting with the 1978 data year. A new category of sales, namely, indirect sales was indentified.

The Survey Form asked the participants to identify warehouse, indirect and direct sales of both printing and industrial type papers separately. The reason for this modification is that indirect sales (also called special order or in-and-out sales) have revenue and expense factors that are different from those of warehouse sales. In addition, indirect sales can have a major impact on areas such as inventory turnover. If indirect sales are counted as straight warehouse sales, they can result in a misleadingly high value for inventory turnover and a perhaps misleadingly low value for warehouse expenses.

In the company PAR, inventory turnover values were calculated both including and excluding indirect sales. In Paper Merchant Performance, only the "warehouse only" inventory turnover measure is presented in the exhibits and tables. However, other measures are discussed in the text as appropriate.

As shown below for the 1978 Survey, only about half the survey forms included warehouse and indirect sales data:

	Number of Forms Reporting Data			
	Printing	Industrial	Dual	Total
Both Warehouse and indirect Sales Data Supplied Separately	42	32	33	107
Only Total Warehouse and Indirect Sales Data Supplied	75	78	55	208

The same pattern holds for gross profit data. Thus, the more detailed "warehouse" and "indirect" sales based measures related to sales mix, gross margin, and inventory turnover should be used with care.

LIFO ADJUSTMENTS IN THE 1978 AND LATER SURVEYS

First, the LIFO method inventory valuation can create significant distortions in various performance measures, such as gross margin, net profit margin, and inventory. In response to this problem, a number of new measures that adjust for the LIFO reserve and thus put everyone on an equal reporting basis have been added to the PAR. A thorough discussion of just how this was done is outlined in Appendix F.

In addition to all the new adjusted measures, there were two calculation changes. They are:

Net Profit Before Tax -- % Total Assets (adj.)
Net Profit Before Tax -- % Net Worth (adj.)

The total amount of ending LIFO reserve was added to ending assets and ending net worth for the calculation of both of these measures. This is discussed in Appendix F.

INVENTORY IN THE 1978 AND LATER SURVEYS

Another improvement in 1978 appearing in the company PAR was the use of average monthly inventory in calculating a number of new inventory management measures. Because inventories tend to fluctuate during the year due to the seasonable nature of business, the use of an average monthly figure is often more accurate in determining turnover than using the average of beginning and ending inventories.

One of the more significant inventory measures is the Turn and Earn Profitability Index. Turn & Earn is a combined inventory and gross margin performance measure. It is a product of Gross Margin Percent On Sales and physical Inventory Turnover (rather than Warehouse Sales To Inventory) as follows:

$$\text{Turn \& Earn Profitability Index} = \frac{\text{Gross Margin on Warehouse (and Indirect) Sales}}{\text{Whse (and Indirect) Sales}} \times \frac{\text{Warehouse (and Indirect) Cost of Goods Sold}}{\text{Average (Monthly) Inventory}}$$

$$= \text{Gross Margin \% On Whse (and Indirect) Sales} \times \text{Inventory Turnover Ratio}$$

$$= \text{"EARN"} \times \text{"TURN"}$$

Here, also, inventory is assumed to support warehouse and indirect sales. Therefore, warehouse and indirect gross profit and warehouse and indirect sales are used in the calculation.

The T&E Profitability Index can be used to obtain a first approximation of the profitability of carrying different product lines. Even though it does not consider differences in operating expenses or the other-than-inventory investment requirements associated with competing product lines, it usually provides considerable insight into the relative profitability of handling different product lines.

For the most part, these more refined measures appear in the company PARs received by individual firms but are not included in the Paper Merchant Performance.

ADDITIONS APPEARING IN COMPANY PARS INTORDUCED WITH THE STUDY OF 1980 DATA

ASSET MANAGEMENT

1. AVERAGE NUMBER OF YEARS ON LIFO
2. DAYS SALES IN AVERAGE MONTHLY IP (or PP) INVENTORY
3. AVERAGE COLLECTION PERIOD (AVERAGE MONTHLY A/R; DAYS)
4. AVERAGE MONTHLY ACCOUNTS RECEIVABLE TURNOVER (X)
5. RETURN ON AVERAGE MONTHLY ACCOUNTS RECEIVABLE INVESTMENT
6. AVERAGE PAYMENT PERIOD (AVERAGE MONTHLY ACCOUNTS PAYABLE)

WAREHOUSE ONLY

7. COST OF WAREHOUSE GOODS SOLD/AVERAGE INVENTORY (X)
8. WAREHOUSE GROSS MARGIN RETURN ON AVERAGE INVENTORY (%)
9. TURN & EARN PROFITABILITY INDEX (WHSE;%)

WAREHOUSE & INDIRECT

10. COST OF WAREHOUSE & INDIRECT GOODS SOLD/AVERAGE INVENTORY (X)
11. WAREHOUSE & INDIRECT GROSS MARGIN RETURN ON AVERAGE INVENTORY (%)
12. TURN & EARN PROFITABILITY INDEX (WAREHOUSE & INDIRECT;%)
    (In the past, all the above measures have been provided on a non-LIFO basis; that is, all firms adjusted to a FIFO basis. This year the above measures have been added, which mix data on both LIFO and FIFO bases, allowing you to make comparisons.)

OTHER MEASURES

13. NET SALES TO TOTAL ASSETS (ADJ; X)
14. TOTAL ASSETS TO NET WORTH (ADJ; X)
    (These well-known measures have been calculated on a non-LIFO basis. "Adj" means LIFO firms have been adjusted to a FIFO basis and then all firms considered together. The amount of your ending LIFO reserve is added to both Assets and Net Worth before the calculation is done.)

15. CASH DISCOUNTS TAKEN -- % CASH DISCOUNTS GIVEN (%)
16. CASH & CARRY RETAIL SALES AND BACKHAUL REVENUE DETAIL
17. TOTAL OPERATING EXPENSE PER EMPLOYEE ($000)
18. FRINGE BENEFITS PER EMPLOYEE ($000)
19. NET EDP EXPENSE -- % NET SALES

CONFIDENTIAL MEASURES

20. COMPENSATION OF HIGHEST (EXCL SALESMEN; $000)
21. COMPENSATION OF HIGHEST PAID (EXCL SALESMEN -- % SALES)
22. COMPENSATION OF 2ND HIGHEST PAID (EXCL SALESMEN; $000)
23. COMPENSATION OF 2ND HIGHEST PAID (EXCL SALESMEN -- % SALES)
24. COMPENSATION OF 3RD HIGHEST PAID (EXCL SALESMEN; $000)
25. COMPENSATION OF 3RD HIGHEST PAID (EXCL SALESMEN -- % SALES)

ADDITIONS APPEARING IN COMPANY PARS INTRODUCED WITH THE STUDY OF 1981 DATA

Some seventy new measures were added to the survey of 1981 data as reported in the company PARs. The major expansion was the inclusion of market analysis information.

PRINTING PAPER COMMODITY CLASSES:
- FREE SHEET, C-2-S (%)
- BUSINESS PAPERS, SULPHITE/SULPHATE (%)
- FREE SHEET, UNCOATED (%)
- GROUNDWOOD, C-2-S (%)
- BLEACHED BRISTOL (%)
- BUSINESS PAPERS, COTTON FIBER (%)
- OTHER (%)
- TOTAL, PRINT PAPER COMMODITY CLASSES

PRINTING PAPER CUSTOMER CLASSES:
- COMMERCIAL PRINTERS (%)
- INPLANT PRINTERS (%)
- QUICK COPIERS (%)
- BUSINESS FORMS MANUFACTURERS (%)
- BUSINESS OFFICE BUYERS (%)
- BOOK PUBLISHERS (%)
- GOVERNMENTAL AGENCIES (%)
- OTHER (%)
- TOTAL, PRINT PAPER CUSTOMER CLASSES

INDUSTRIAL PAPER COMMODITY CLASSES:
- SANITARY PAPERS & PERS SERV DISPOS (%)
- FOOD SERVICE DISPOSABLES (%)
- IND PACKAGING SUPPLIES & EQUIP (%)
- JANITORIAL SUPPLIES & EQUIP (%)
- RETAIL/MATCHED PACKAGING (%)
- HEALTH CARE DISPOSABLES (%)
- OTHER (%)
- TOTAL, INDUSTRIAL COMMODITY CLASSES

INDUSTRIAL PAPER CUSTOMER CLASSES:
- FOOD & FOOD SERVICES (%)
- FAST FOOD OUTLETS (%)
- HEALTH CARE INSTITUTIONS (%)
- INDUSTRIAL MANUFACTURERS (%)
- PUBLIC INSTITUTIONS (%)
- (OTHER) RETAIL BUSINESS (%)
- (OTHER) SERVICE INDUSTRIES (%)
- OTHER (%)
- TOTAL, INDUSTRIAL CUSTOMER CLASSES

APPENDIX F

PERFORMANCE MEASURES ADJUSTED FOR LIFO ACCOUNTING

In periods of inflation, the use of a LIFO inventory valuation approach will typically reduce a firm's ending inventory valuation and, thus, also reduce its reported gross profit and net profit before taxes. An increasing number of firms are willing to accept lower accounting profits in order to reduce their taxes and increase their after tax cash flow. Other firms, for a variety good and sufficient reasons, choose to remain on FIFO or a similar approach.

In order to increase the comparability of the performance measures calculated for LIFO and non-LIFO firms, the LIFO reserves of the LIFO firms are added back to their reported gross profit, net profit, inventory, and other values as appropriate and "LIFO adjusted" measures are calculated. These adjusted measures are then integrated with the unadjusted measures of the non-LIFO (FIFO) firms and new, more comparable performance measures are calculated.

The approach used to calculate the "LIFO adjusted" measures for a typical LIFO firm is illustrated in Tables 1 and 2. Table 1 shows data that a typical firm on LIFO might have reported on its Survey Form (Column A); the "LIFO Adjustments" that would have been made by MFI (Column B); and the firm income statement and balance sheet data "as adjusted" (Column C).

The "as reported" data from Table 1, Column A are used to calculate the unadjusted performance measures shown in Table 2, Column D. The "LIFO Adjusted" performance measures shown in Table 2, Column E are calculated from the "as adjusted" data shown in Table 1, Column C. As discussed above, the "as adjusted" measures for the LIFO firms are combined with unadjusted data from the other participating firms to calculate the various "LIFO adjusted" industry performance measures shown in your company PAR.

TABLE 1
ADJUSTING FOR LIFO INVENTORY VALUATIONS
(Adjustments made before LIFO adjusted performance measures are calculated)

	TYPICAL LIFO FIRM DATA		
	Firm Data As Reported (A)	LIFO Adjustment (B)	Firm Data As LIFO Adjusted (C)
INCOME STATEMENT			
Net Sales	$15,000,000	0	$15,000,000
Cost of Goods Sold	13,464,000	-$90,000[1]	13,374,000
Gross Trading Margin	$ 1,536,000	+$90,000	$ 1,626,000
Net Profit Before Taxes	$ 206,000	+$90,000	$ 296,000
WAREHOUSE SALES & GROSS MARGIN			
Warehouse Sales	$ 8,000,000		$ 8,000,000
Warehouse Cost of Goods Sold	6,800,000	-$90,000	6,710,000
Warehouse Gross Margin	$ 1,200,000	+$90,000	$ 1,290,000
WAREHOUSE & INDIRECT SALES AND GROSS MARGIN			
W&I[2] Sales	$10,000,000		$10,000,000
W&I Cost of Goods Sold	7,900,000	-$90,000	7,810,000
W&I Gross Margin	$ 2,100,000		$ 2,190,000
ASSET ITEMS			
Accounts Receivable	$ 1,560,000	---	$ 1,560,000
Inventory (Beginning)	$ 1,300,000	+$180,000	$ 1,480,000
Inventory (Ending)	$ 1,740,000	+$270,000	$ 2,010,000
Inventory (Average)	$ 1,520,000	+$225,000	$ 1,745,000
Total Current Assets	$ 3,500,000	+$270,000	$ 3,770,000
Total Assets	$ 3,800,000	+$270,000	$ 4,070,000
LIABILITY & NET WORTH ITEMS			
Total Debt	$ 2,100,000	---	$ 2,100,000
Net Worth	$ 1,700,000	+$270,000	$ 1,970,000
LIFO RESERVES			
Beginning LIFO Reserve	$ 180,000		
Additions to LIFO Reserve	$ 90,000		
Ending LIFO Reserve	$ 270,000		

[1]All adjustments in this column are developed from the "LIFO Reserve" data appearing at the bottom of Column A.
[2]W&I = Warehouse & Indirect.

TABLE 2

LIFO ADJUSTED PERFORMANCE MEASURES
(All dollar values in thousands of dollars)

	(D) UNADJUSTED CALCULATION[1]	(E) LIFO ADJUSTED CALCULATION[2]
PROFITABILITY PERFORMANCE MEASURES		
Gross Margin / Net Sales	$ 1,536 / $15,000 = 10.24%	$1,536 + $90 / $15,000 = 10.84%
Gross Margin on Whse Sales / Whse Sales	$ 1,200 / $ 8,000 = 15.00%	$1,200 + $90 / $8,000 = 16.13%
Gross Margin on W&I Sales / Warehouse & Indirect Sales	$ 2,100 / $10,000 = 21.00%	$2,100 + $90 / $10,000 = 21.90%
Net Profit Before Taxes / Net Sales	$ 206 / $15,000 = 1.37%	$ 206 + $90 / $15,000 = 1.97%
Net Profit Before Taxes / Total Assets	$ 206 / $ 3,800 = 5.42%	$ 206 + $90 / $3,800 + $270 = 7.27%
Net Profit Before Taxes / Net Worth	$ 206 / $ 1,700 = 12.12%	$ 206 + $90 / $1,700 + $270 = 15.03%
LIFO INVENTORY USE		
Ending LIFO Reserve to Ending Inventory	$ 270 / $ 1,740 = 15.52%	
Additions to LIFO Reserve As % Net Profit Before Taxes	$ 90 / $ 206 = 43.69%	
Additions to LIFO Reserve As % Net Sales	$ 90 / $15,000 = .60%	
INVENTORY MANAGEMENT MEASURES		
Cost Whse Goods Sold / Avg Inventory	$ 6,800 / $ 1,520 = 4.47x	$6,800 - $90 / $1,745 = 3.85x
Whse Gross Margin[3] Return on Avg Inventory	$ 1,200 / $ 1,520 = 78.95%	$1,200 + $90 / $1,745 = 73.93%
Turn & Earn Profitability Index[4]	15.00% x 4.47 = 67.11%	16.13% x 3.85 = 62.01%

[1](Based on data as reported) and shown in Table 1, Column A.
[2](Based on LIFO firm data with LIFO additions or reserves added back as appropriate) as shown in Table 1, Column C.
[3]Warehouse Gross Profit divided by Average Inventory
[4]"Warehouse Gross Margin (%)" times "Cost of Warehouse Goods Sold to Average Inventory"

TABLE 2 (CON'T)

LIFO ADJUSTED PERFORMANCE MEASURES
(All dollar values in thousands of dollars)

	(D) UNADJUSTED CALCULATION[1]	(E) LIFO ADJUSTED CALCULATION[2]
Cost of Goods Sold / Average Inventory	$\frac{\$7,900}{\$1,520} = 5.20x$	$\frac{\$7,900 - \$90}{\$1,745} = 4.48x$
W&I Gross Margin Return on Avg Inventory	$\frac{\$2,100}{\$1,520} = 138.16\%$	$\frac{\$2,100 + \$90}{\$1,745} = 125.5\%$
Turn & Earn Index (W&I)	21.00% x 5.20 = 109.2%	21.9% x 4.48 = 91.11%
ACCOUNTS RECEIVABLE MGT MEASURES		
Gross Margin Return on Accounts Receivable[3]	$\frac{\$1,536}{\$1,560} = 98.46\%$	$\frac{\$1,536 + \$90}{\$1,560} = 104.23\%$
Whse Gross Margin Return on Accounts Receivable[4]	$15.00\% \times \frac{\$15,000}{\$\ 1,560} = 144.23\%$	$16.13\% \times \frac{\$15,000}{\$\ 1,560} = 155.10\%$

[1](Based on data as reported) and shown in Table 1, Column A.
[2](Based on LIFO firm data with LIFO additions or reserves added back as appropriate) as shown in Table 1, Column C.
[3]Total Gross Profit divided by Ending Accounts Receivable
[4]Warehouse Gross Margin (%) times "Total Sales divided by Ending Accounts Receivable"

CONFIDENTIAL

NATIONAL PAPER TRADE ASSOCIATION PERFORMANCE ANALYSIS REPORT

PLEASE RETURN ENTIRE SURVEY FORM TO:

Management Foresight, Inc.
1670 Fishinger Road
Columbus, Ohio 43221

INSTRUCTIONS

1. Please enter figures for your most recent completed fiscal year or similar method of reporting annual sales (see definitions at end of questionnaire). This permits every firm to participate. It is not necessary to complete all sections of the form to effectively participate in the survey. Naturally, the more complete your Survey Form, the more complete your PAR Report will be.
2. For each region or branch for which a Performance Analysis Report (PAR) is desired, fill out a separate survey form. Additional forms may be ordered from NPTA Headquarters.
3. Enter all figures in dollars to the nearest dollar, as they actually appear on your financial statements. Please use minus signs for all negative numbers, not brackets.
4. Please check your data inputs to be sure that all of the sub-totals are the sum of the indicated line items. It is not necessary to complete all lines on the form for it to be useful; complete as many as possible, as accurately as you can. We would, however, like to receive as much information as possible in order to make the results representative of member firms.
5. A Definition Sheet is provided, explaining the items on the Survey Form. Please use these definitions to promote consistency in the reported data. Check the definitions if the meaning of any of the terms in the Survey Form are unclear.
6. Please return the Survey Form to Management Foresight as promptly as possible. It is vital that MFI have all completed forms no later than April 1, 1982.
7. If possible, please type all submitted data to minimize data transfer errors.
8. Your firm or branch will not be identified with the data provided on this form.
9. You may wish to retain a copy of your completed Survey Form for your files.
10. Any questions concerning the survey questionnaire, or the PAR Program, should be directed to Research Director Denis A. Scrandis at (516) 829-3070.

CLASSIFICATION DATA

I. Company Identification Code ★NPTA_____/_____/_____/_____/_____

II. Please check the box which best describes the data on this form:

☐ (A) *Total Firm, No Other Survey Forms Being Submitted:*
This form represents a total firm. No other form is being returned for any region, branch, location, or division. (These data will be included in all industry statistics, except that a multi-region firm will be omitted from the regional groupings.)

☐ (B) *Region, Branch, or Division Report:*
This form represents one branch, region, or division. *Note*: All forms should be on the same basis—i.e., all branch reports *OR* all regional reports *OR* all divisional reports. (These data will be included in all industry statistics, except that a multi-region division (etc.) will be omitted from the regional groupings.)

The following two types of forms will *not* be included in the data base to prevent double counting, but a PAR Report will be produced from the data supplied:

☐ (C) *Total Firm–Region, Branch, or Division Forms Also Being Submitted:*
This form represents a total firm. Separate forms (checked "B") are also being submitted for all regions, branches, or divisions. (This data will be omitted from all industry statistics to prevent "double counting.")

☐ (D) *Special Branch or Location Report:*
The data on this form represent the performance of a branch or location which is *also* included in regional or total firm data which are being reported. A PAR Report will be produced for the branch/division but the data will *not* be included in the data base.

[129] III. Please check your NPTA Region. (ALL SURVEY FORMS *MUST* CHECK THE APPROPRIATE BOX.)

REGION 1 ..... ☐
Maine, Vermont, New Hampshire, Massachusetts, Connecticut and Rhode Island.

REGION 2 ..... ☐
New York, Pennsylvania, New Jersey, Maryland, Delaware and District of Columbia.

REGION 3 ..... ☐
Virginia, North Carolina, South Carolina, Georgia, Florida, Tennessee and Alabama

REGION 4 ..... ☐
Michigan, Wisconsin, Illinois, Indiana, Ohio, West Virginia, Kentucky and Missouri

REGION 5 ..... ☐
Minnesota, Iowa, North Dakota, South Dakota, Nebraska, Kansas, Montana, Wyoming and Colorado.

REGION 6 ..... ☐
Idaho, Utah, Arizona, Nevada, New Mexico, Washington, Oregon, California, Alaska and Hawaii.

REGION 7 ..... ☐
Texas, Oklahoma, Louisiana, Arkansas and Mississippi.

MULTIPLE REGIONS .....(0) ☐
This form represents operations in more than one region.

Note: Pages 11 and 12 of this questionnaire are definition pages. Please remove, by tearing along perforated edge for easy use and reference.

NATIONAL PAPER TRADE ASSOCIATION, INC.

Survey Form for the 1982 Paper Merchant Performance

(Based on 1981 Data)

IMPORTANT: A separate sheet of definitions, explanatory comments and clarifications has been provided for your use in completing the PAR Questionnaire. Simply tear the last page of this questionnaire along the perforated edge and separate the definition sheet from the questionnaire for easy use and reference. The definitions have been provided to assure uniformity of data between reporting firms. Please refer to the definitions provided to verify that you are providing data the way other participating firms will be reporting. Please fill in this questionnaire as completely as possible (to the nearest dollar) and return promptly.

The PAR Report is intended to be a working financial tool for printing, industrial and dual paper merchants that are members of NPTA. Please report only those operations that are directly associated with your paper merchant operation. Please do not include, for example, operations involving converting,[1] floor covering, toy or other distribution and manufacturing operations if possible. If you cannot separate such operations and feel that they constitute a minor portion of your business, you are urged to complete the questionnaire and participate in the PAR Program.

Data dealing with such operations will not be brought back into the report under the balance sheet information. If you feel that such discrete operations constitute such a small portion of your firm or that it is impossible to segregrate such sales, please provide your information the way you feel best suits your firm. However, if possible, please report only those operations that are directly associated with your paper merchant operations.

An asterisk (*) following an item on the questionnaire signifies that a definition or explanation appears on the definition sheet for your convenience and to promote uniformity in reporting.

The numbers in brackets [ ] are for MFI's use in computer processing. For example, [103]. Computer numbers do not correspond to item numbers at the left of the page.

[1]Regular merchant operations of cutting and hole punching are NOT considered converting business for this report. Example of conversion operations to be excluded would be all roll-to-sheet changes, box and envelope manufacturing, in addition to sheeting, slitting and rewinding.

TREND PAR ORDER FORM

(Please Check Appropriate Box)

☐ Two Year Trend—Please produce a two year Trend PAR for this Survey Form. My firm participated in last year's (1981) PAR program and is therefore eligible to receive trend information. I understand NPTA will bill me $95 for the production of the Trend PAR.

☐ Three Year Trend—Please produce a three year Trend PAR for this Survey Form. My firm participated in the 1980 and 1981 PAR programs and is therefore eligible to receive trend information. I understand NPTA will bill me $145 for the production of the Trend PAR.

NATIONAL PAPER TRADE ASSOCIATION, INC.

Survey Form for the 1982 Performance Analysis Report
(Based on 1981 Data)

Line Item No.	INCOME STATEMENT— SALES & GROSS TRADING MARGIN DATA FOR 1981	MFI ID#	Printing Paper Sales*	MFI ID#	Industrial Paper Sales	MFI ID#	Total Paper Sales
SECTION A Warehouse Sales							
1	Net Sales, After Returns and Allowances	[103]	$	[113]	$	[183]	$
2	Costs of Goods Sold	[104]	$	[114]	$	[184]	$
3	Gross Trading Margin	[105]	$	[115]	$	[185]	$
SECTION B Indirect Sales[1]							
4	Net Sales, After Returns and Allowances	[186]	$	[189]	$	[195]	$
5	Cost of Goods Sold	[187]	$	[190]	$	[196]	$
6	Gross Trading Margin	[188]	$	[191]	$	[197]	$
SECTION C (C) = (A + B) Warehouse & Indirect Sales[2]							
7	Net Sales, After Returns and Allowances	[198]	$	[201]	$	[207]	$
8	Cost of Goods Sold	[199]	$	[202]	$	[208]	$
9	Gross Trading Margin	[200]	$	[203]	$	[209]	$
SECTION D Direct Sales							
10	Net Sales, After Returns and Allowances	[108]	$	[118]	$	[213]	$
11	Cost of Goods Sold, Include (For Direct) Freight From Mill to Customer	[109]	$	[119]	$	[214]	$
12	Gross Trading Margin	[110]	$	[120]	$	[215]	$
SECTION E Total Sales							
13	Total Net Sales, After Returns & Allowances (Sum of Lines 1, 4 and 10 or Sum of Lines 7 & 10)	[204]	$	[210]	$	[3]	$
14	Total Cost of Goods Sold (Sum of Lines 2, 5 and 11 or Sum of Lines 8 & 11)	[205]	$	[211]	$	[4]	$
15	Total Gross Trading Margin (Line 13 minus Line 14, Also Sum of Lines 3, 6 and 12 or Sum of Lines 9 and 12)	[206]	$	[212]	$	[5]	$

[1] "Indirect Sales" are those sales that are delivered from the manufacturer to the merchant for immediate final shipment as a unit (at the merchant's expense) to the merchant's customer. Normally such sales are not put into inventory but are handled to and from the receiving-shipping area of the merchant.

[2] If you cannot separate your warehouse and indirect sales you may omit Sections A and B, and report only in Sections C, D, and E.

IF YOU CANNOT OR DO NOT INTEND TO COMPLETE ANY LINE ITEM ON THE SURVEY FORM, IT IS RECOMMENDED YOU CROSS OUT, OR PUT A LINE THROUGH THE INFORMATION YOU ARE OMITTING TO AVOID CONFUSION WHEN THE DATA IS BEING TABULATED.

NATIONAL PAPER TRADE ASSOCIATION, INC.

Survey Form for the 1982 Performance Analysis Report

NOTE: All reporting firms should complete this section on the same basis for the years 1980 and 1981, whether a first time reporting firm or not, to avoid inconsistencies in reporting methods.

Please report on those operations that are directly associated with your paper merchant operations. Please do not include, for example, operations involving converting*, floor covering, toy or other distribution and manufacturing operations if possible.

Line Item No.	PRIOR YEAR SALES DATA FOR THE YEAR OF 1980	MFI ID#	Printing Paper Sales	MFI ID#	Industrial Paper Sales	MFI ID#	Total Paper Sales
20	1980 Warehouse Sales (A)	[159]	$	[164]	$	[175]	$
21	1980 Indirect Sales (B)[1]	[160]	$	[165]	$	[176]	$
22	1980 Warehouse & Indirect Sales (C) = (A + B)[2]	[161]	$	[166]	$	[177]	$
23	1980 Direct Sales (D)	[162]	$	[167]	$	[178]	$
24	1980 Total Sales (E) (Sum of Lines 20, 21 and 23 or Sum of Lines 22 and 23)	[171]	$	[172]	$	[179]	$

[1] "Indirect Sales" are those sales that are delivered from the manufacturer to the merchant for immediate final shipment as a unit (at the merchant's expense) to the merchant's customer. Normally such sales are not put into inventory but are handled to and from the receiving-shipping area of the merchant.

[2] If you cannot separate your warehouse and indirect sales you may omit Lines 20 and 21 and report only on Lines 22, 23, and 24.

IF YOU CANNOT OR DO NOT INTEND TO COMPLETE ANY LINE ITEM ON THE SURVEY FORM, IT IS RECOMMENDED YOU CROSS OUT, OR PUT A LINE THROUGH THE INFORMATION YOU ARE OMITTING TO AVOID CONFUSION WHEN THE DATA IS BEING TABULATED.

PLEASE TYPE ALL DATA WHEN POSSIBLE.

NATIONAL PAPER TRADE ASSOCIATION, INC.

Survey Form for the 1982 Performance Analysis Report (Based on 1981 Data)

PLEASE REPORT ONLY THOSE OPERATIONS THAT ARE DIRECTLY ASSOCIATED WITH YOUR PAPER MERCHANT OPERATIONS. PLEASE DO NOT INCLUDE, FOR EXAMPLE, OPERATIONS INVOLVING CONVERTING*, FLOOR COVERING, TOY OR OTHER DISTRIBUTION AND MANUFACTURING OPERATIONS IF POSSIBLE.

Line Item No.	INCOME STATEMENT	MFI ID #	Dollar Amount
30	Total Firm Gross Trading Margin (Line 15, Column 3 From Page 4)	[7]	$
31	Storage*	[6]	$
32	Total Handling (Fixed + Variable)*	[70]	$
33	Delivery*	[9]	$
34	Office*	[10]	$
35	Administrative*	[11]	$
36	Sales Service*	[12]	$
37	Selling*	[13]	$
38	TOTAL OPERATING EXPENSE (31 to 37 Inclusive)	[15]	$
39	NET OPERATING PROFIT OR LOSS (Line 30 minus Line 38)	[16]	$
	OTHER NON-OPERATING INCOME (Financial Gains):		
50	Cash Discounts Earned (For Prompt Payment)	[17]	$
51	Income from Outside Investments	[14]	$
52	All Other Non-operating Income	[18]	$
53	TOTAL NON-OPERATING INCOME (Financial Gains) (Lines 50 + 51 + 52)	[19]	$
54	TOTAL INCOME (Line 39 + 53)	[23]	$
	OTHER NON-OPERATING EXPENSES (Financial Losses):		
60	Cash Discounts Allowed	[20]	$
61	Interest on Borrowed Capital	[24]	$
62	All Other Non-operating Expenses	[21]	$
63	TOTAL NON-OPERATING EXPENSES (Lines 60 + 61 + 62)	[22]	$
70	NET PROFIT OR (LOSS) BEFORE TAXES (Line 54 minus 63; show minus sign for loss)	[25]	$
71	Corporate Income Taxes (Federal, State, City)	[26]	$
72	NET PROFIT OR (LOSS) AFTER TAXES (Line 70 minus 71)	[27]	$

*For a specific definition and explanation of personnel and accounts to include, please refer to the definition sheet provided.

IF YOU CANNOT OR DO NOT INTEND TO COMPLETE ANY LINE ITEM ON THE SURVEY FORM, IT IS RECOMMENDED YOU CROSS OUT, OR PUT A LINE THROUGH THE INFORMATION YOU ARE OMITTING TO AVOID CONFUSION WHEN THE DATA IS BEING TABULATED.

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NATIONAL PAPER TRADE ASSOCIATION, INC.

Survey Form for the 1982 Performance Analysis Report
(Based on 1981 Data)

Line Item No.	BALANCE SHEET COMPARABLE WITH DISTRIBUTION PROFIT AND LOSS STATEMENT	MFI ID#	Dollar Amount
90	Cash & Cash Equivalent	[30]	$
91	Accounts & Notes Receivable, Trade (Minus Reserve for Bad Debts)-Printing and Industrial	[31]	$
92	Inventory (Less Reserve for LIFO)-Printing and Industrial (Include "In Transit")	[32]	$
93	Other Current Assets and Those Not Included in Items 91 and 92	[33]	$
94	TOTAL CURRENT ASSETS (Sum of Lines 90 + 91 + 92 + 93)	[35]	$
95	Net Fixed Assets	[36]	$
96	Outside Investments	[37]	$
97	Other Non-Current Assets	[38]	$
98	TOTAL ASSETS (Sum of Lines 94 + 95 + 96 + 97)	[40]	$
99	Accounts Payable-Printing and Industrial	[41]	$
100	Bank Loans Due in Less than One Year (Include Intercompany Liabilities)	[42]	$
101	Other Current Liabilities and Those Not Included in Item 99	[43]	$
102	TOTAL CURRENT LIABILITIES (Sum of Lines 99 + 100 + 101)	[45]	$
103	Long Term Liabilities (Include Intercompany Liabilities)	[46]	$
104	Net Worth (Equity)	[49]	$
105	TOTAL LIABILITIES & NET WORTH (Sum of Lines 102 + 103 + 104; Should equal Line 98 Above)	[50]	$
106	OTHER INVENTORY DATA (Report "Minus Reserve For LIFO") Printing Paper Inventory on First Day of Fiscal Year†	[121]	$
107	Industrial Paper Inventory on First Day of Fiscal Year†	[122]	$
108	TOTAL INVENTORY ON FIRST DAY OF FISCAL YEAR† (Sum of Lines 106 + 107)	[123]	$
109	Printing Paper Inventory on Last Day of Fiscal Year†	[124]	$
110	Industrial Paper Inventory on Last Day of Fisal Year†	[125]	$
111	TOTAL INVENTORY ON LAST DAY OF FISCAL YEAR† (Sum of Lines 109 + 110; Should Equal Line 92)	[126]	$
112	Average Monthly Printing Paper Inventory, i.e., the FIFO amount	[193]	$
113	Average Monthly Industrial Paper Inventory, i.e., the FIFO amount	[194]	$
114	Inventory is Recorded on (Please Check Box) (1) ☐ FIFO (2) ☐ LIFO (3) ☐ Other	[130]	
115	Number of years on LIFO	[100]	
116	If your inventory was on LIFO, please complete the following section:		

	Printing Paper		Industrial Paper		Total Paper	
LIFO Reserve, Beginning of the Year	[134]	$	[223]	$	[131]	$
Additions to (shown by a plus sign), or deletions from (shown by a minus sign), LIFO Reserve in 1981	[181]	$	[224]	$	[132]	$
LIFO Reserve, at the End of the Year	[222]	$	[225]	$	[133]	$

†If on LIFO, report all inventory at LIFO values, that is, "Minus LIFO Reserves."

NATIONAL PAPER TRADE ASSOCIATION, INC.

Survey Form for the 1982 Performance Analysis Report (Based on 1981 Data)

PLEASE REPORT ONLY THOSE OPERATIONS THAT ARE DIRECTLY ASSOCIATED WITH YOUR PAPER MERCHANT OPERATIONS. PLEASE DO NOT INCLUDE, FOR EXAMPLE, OPERATIONS INVOLVING CONVERTING*, FLOOR COVERING, TOY OR OTHER DISTRIBUTION AND MANUFACTURING OPERATIONS IF POSSIBLE.

Line Item No.	ACCOUNTS RECEIVABLE DATA "Printing and Industrial Only"	MFI ID#	Dollar Amount
120	Bad Debt Losses in 1981 (Actual Losses After Recoveries)	[92]	$
121	Reserve for Bad Debts—End of Year	[93]	$
122	Credit Sales for October and November, 1981	[94]	$
123	Trade Notes & Accounts Receivable (After Reserve for Bad Debts) on November 30, 1981	[95]	$
124	Accounts Receivable that Were 30 to 59 Days Old on November 30, 1981	[218]	$
125	Accounts Receivable that Were 60 to 89 Days Old on November 30, 1981	[219]	$
126	Accounts Receivable that Were 90 Days and Over on November 30, 1981	[220]	$
127	Average Monthly Accounts Receivable (Divide the sum of the twelve monthly amounts by twelve)	[144]	$
	PURCHASES-PAYABLES DATA (For Trade Suppliers)		
130	Your Total Purchases From Trade Suppliers for the Year, After Returns but Before Discounts Earned	[221]	$
131	Your Net Purchases from Trade Suppliers in Nov. and Dec. 1981, After Returns but Before Discounts Earned	[28]	$
132	Your Trade Accounts Payable on Dec. 31, 1981	[29]	$
133	Average Monthly Accounts Payable (Divide the sum of the twelve monthly amounts by twelve)	[145]	$
	OTHER DATA		
140	What Were Your Total Lease Payments for Both Facilities and Equipment Last Year?	[34]	$
141	What Were Your Total Data Processing Expenses Last Year? Include both equipment and facility lease payments and/or depreciation, people costs, supplies and service bureau costs. Do not include any Data Processing occupancy costs (space charges, power, etc.) or postage, invoice or statement costs. Do not subtract offsetting Data Processing Service Sales.	[47]	$
142	What Were Your Dollar Sales of Data Processing Services to Outside Parties Last Year (if any)?	[48]	$
143	Number of Warehouse Locations.	[97]	#
144	Total Cubic Feet of Warehouse Space (length × width × potential stacking height of all warehouse space).	[192]	cu. ft.

IF YOU CANNOT OR DO NOT INTEND TO COMPLETE ANY LINE ITEM ON THE SURVEY FORM, IT IS RECOMMENDED YOU CROSS OUT, OR PUT A LINE THROUGH THE INFORMATION YOU ARE OMITTING TO AVOID CONFUSION WHEN THE DATA IS BEING TABULATED.

PLEASE TYPE ALL DATA WHEN POSSIBLE.

NATIONAL PAPER TRADE ASSOCIATION, INC.

Survey Form for the 1982 Performance Analysis Report (Based on 1981 Data)

It is not necessary to supply any of the following data to effectively participate in the Survey. If you can supply the data, the industry results will be more valuable and your PAR Report will be more complete. Furnish what you can, particularly Line 212.

Please report only those people who are associated with the other data reported on the Survey Form. For example, since you do not report on a conversion operation, do not report those people here.

Line Item No.	Personnel—by Function (See Note Below)	MFI ID#	Number of People in Function†	MFI ID#	Payroll: Salaries Commissions and Bonuses†
200	Owner-Managers	[51]		[71]	$
201	Non-Owner Chief Executive Officer	[52]		[72]	$
202	Branch Managers	[53]		[73]	$
203	All Other Managers	[54]		[74]	$
204	Non-Executive Office Employees (Clerical)	[55]		[75]	$
205	Total Management & Office Personnel (Sum of Lines 200 thru 204)	[56]		[76]	$
206	Outside Salesmen & Sales Managers	[57]		[77]	$
207	All Sales Service Personnel	[58]		[78]	$
208	Total Selling Personnel (Sum of Lines 206+207)	[59]		[79]	$
209	All Handling Personnel (Warehouse)	[60]		[80]	$
210	All Delivery Personnel (Include Contract Drivers)	[61]		[81]	$
211	All Other Personnel	[62]		[82]	$
212	Total Personnel & Payroll (Sum of Lines 205+208+209+210+211)	[66]		[86]	$
213	Total Contributions to Profit Sharing and Pension Fund for Owner-Managers			[87]	$
214	Total Contributions to Profit Sharing and Pension Fund for all Non-Owner Employees			[88]	$
215	All Other Fringe Benefits Including Group Life, Health and Accident Insurance & Payroll Taxes for All Employees			[89]	$
216	TOTAL FRINGE BENEFIT COSTS (Sum of Items 213 + 214 + 215)			[90]	$
217	TOTAL COMPENSATION (Sum of Lines 212 + 216)			[91]	$

OTHER PERSONNEL DATA

220	Total compensation of First Highest Paid Employee: including Owners and Salesmen on Commission. Include salary, bonuses and contributions to pension and profit sharing plans.	[98]	$
221	Total Compensation of Second Highest Paid Employee: including Owners and Salesmen on commission. Include all compensation as in 220 above.	[99]	$
222	Total Compensation of Third Highest Paid Employee: including Owners and Salesmen on commission. Include all compensation as in 220 above.	[173]	$
223	Total Compensation of First Highest Paid Employee: including Owners but excluding Salesmen on commission. Include all compensation as in 220 above.	[146]	$
224	Total Compensation of Second Highest Paid Employee: including Owners but excluding Salesmen on commission. Include all compensation as in 220 above.	[147]	$
225	Total compensation of Third Highest Paid Employee: including Owners but excluding Salesmen on commission. Include all compensation as in 220 above.	[148]	$
226	Total Travel and Entertainment Expense for Outside Salesmen. Last Year Only.	[67]	$

†You should allocate the portion of the *dollar amount and number* of people to each function as accurately as possible—based upon the amount of *time* spent within each function. You may allocate as little as 1/10th of a person to a function. Convert part-time employees into full-time equivalents, depending on how much they worked relative to full-time employees. Firms providing centralized services to a number of houses should allocate number of people as well as costs to regional reports.

IF YOU CANNOT OR DO NOT INTEND TO COMPLETE ANY LINE ITEM ON THE SURVEY FORM, IT IS RECOMMENDED YOU CROSS OUT, OR PUT A LINE THROUGH THE INFORMATION YOU ARE OMITTING TO AVOID CONFUSION WHEN THE DATA IS BEING TABULATED.

PLEASE TYPE ALL DATA WHEN POSSIBLE.

NATIONAL PAPER TRADE ASSOCIATION, INC.

Survey Form for the 1982 Performance Analysis Report (Based on 1981 Data)

PLEASE REPORT ONLY THOSE OPERATIONS THAT ARE DIRECTLY ASSOCIATED WITH YOUR PAPER MERCHANT OPERATIONS. PLEASE DO NOT INCLUDE, FOR EXAMPLE, OPERATIONS INVOLVING CONVERTING*, FLOOR COVERING, TOY OR OTHER DISTRIBUTION AND MANUFACTURING OPERATIONS IF POSSIBLE.

It is not necessary to supply any of the following data to effectively participate in the Survey. However, "average order size" and "average invoice line amount" are very important performance measures that can help you evaluate sales, office and warehouse efficiency, and product line and customer profitability.
If you cannot separate your warehouse and indirect sales, you may wish to omit Lines 250-251, 260-261, and 270-271 and report on Lines 252, 262 and 272 instead.

Line Item No.	ORDER DATA	MFI ID#	Number of Orders For The Year	MFI ID#	Total Number of Invoice Lines for The Year *
	PRINTING PAPER ORDERS:				
250	Warehouse Orders	[101]	ORDERS	[102]	LINES
251	Indirect (Special) Orders[1]	[83]	ORDERS	[84]	LINES
252	Warehouse & Indirect Orders (Sum of Lines 250 and 251)	[85]	ORDERS	[127]	LINES
253	Direct Orders	[106]	ORDERS	[107]	LINES
254	Total Printing Paper Orders (Sum of Lines 252 and 253)	[128]	ORDERS	[63]	LINES
	INDUSTRIAL PAPER ORDERS:				
260	Warehouse Orders	[111]	ORDERS	[112]	LINES
261	Indirect (Special) Orders	[135]	ORDERS	[136]	LINES
262	Warehouse & Indirect Orders (Sum of Lines 260 and 261)	[137]	ORDERS	[138]	LINES
263	Direct Orders	[116]	ORDERS	[117]	LINES
264	Total Industrial Paper Orders (Sum of Lines 262 and 263)	[139]	ORDERS	[140]	LINES
	TOTAL PRINTING AND INDUSTRIAL ORDERS:				
270	Total Warehouse Orders (Sum of Lines 250 and 260)	[151]	ORDERS	[152]	LINES
271	Total Indirect Orders (Sum of Lines 251 and 261)	[153]	ORDERS	[154]	LINES
272	Total Whse & Indirect Orders (Sum of Lines 252 and 262)	[155]	ORDERS	[156]	LINES
273	Total Direct Orders (Sum of Lines 253 and 263)	[157]	ORDERS	[158]	LINES
274	Total Orders for the Year (Sum of Lines 254+ 264, also Lines 272+ 273)	[1]	ORDERS	[2]	LINES

[1] "Indirect Orders" are those orders that are delivered from the manufacturer to the merchant for immediate final shipment as a unit (at the merchant's expense) to the merchant's customer. Normally such orders are not put into inventory but are handled to and from the receiving-shipping area of the merchant.

***A line item is defined as each product item shipped. Page 13 has a worksheet providing the guidelines for establishing the number of line items your firm handles per year.**

IF YOU CANNOT OR DO NOT INTEND TO COMPLETE ANY LINE ITEM ON THE SURVEY FORM, IT IS RECOMMENDED YOU CROSS OUT, OR PUT A LINE THROUGH THE INFORMATION YOU ARE OMITTING TO AVOID CONFUSION WHEN THE DATA IS BEING TABULATED.

PLEASE TYPE ALL DATA WHEN POSSIBLE.

NATIONAL PAPER TRADE ASSOCIATION, INC.

DEFINITION SHEET

Survey Form for 1982 PAR

IN AN EFFORT TO STANDARDIZE AND PURIFY THE INFORMATION CONTAINED IN THE PAR REPORT, THE FOLLOWING DEFINITIONS, EXAMPLES AND EXPLANATIONS HAVE BEEN PROVIDED FOR YOUR CONVENIENCE. PLEASE REMOVE THE DEFINITION SHEET BY TEARING ALONG THE PERFORATED EDGE FOR EASY USE AND REFERENCE. YOU NEED NOT RETURN THE DEFINITION SHEET WITH THE COMPLETED QUESTIONNAIRE. SHOULD YOU HAVE ANY PROBLEMS OR QUESTIONS THAT CAN NOT BE ANSWERED BY THE INFORMATION PROVIDED ON THIS SHEET, PLEASE CALL NPTA RESEARCH DIRECTOR DENIS A. SCRANDIS AT (516) 829-3070.

TOPICS	LINE ITEM NUMBER (S)	DEFINITIONS
Printing Paper Sales	1	Printing paper sales include sale of fine paper, envelopes, cut and standard sizes, text and covers and printing supplies (toner, inks, blankets, plates, etc.) including punching and cutting as a service of printing sales. Exclude all separate and discreet operations such as those mentioned at the top of the survey pages.
Brokerage	1 & 4	Brokerage, any item you do not bill for but receive commission on, should be excluded from sales information and put under "other income."
Conversion	1 & 4	Conversion operations include roll-to-sheet changes, box and envelope manufacturing, in addition to sheeting, slitting and rewinding. Do not consider cutting and hole punching as converting operations.
Storage	31	Storage includes, 1) Rent and/or depreciation, taxes, repairs and maintenance, and insurance apportioned to warehouse space, 2) heat and power apportioned to warehouse space, 3) payments for storage in public warehouses, and 4) insurance on merchandise.
Handling	32	Handling includes, a-Personnel: Warehouse foremen, paper cutters, shipping and receiving clerks, janitors and other warehouse employees. b-Accounts: 1) Salaries, wages and benefits (including pension, profit sharing and payroll taxes) for warehouse employees, 2) packing and shipping supplies, 3) depreciation, insurance, maintenance and repairs on storage and handling equipment, and 4) trimming, cutting and punching.
Delivery	33	Delivery includes, a-Personnel: Drivers, helpers and garage employees. b-Accounts: 1) Salaries, wages and benefits (including pension, profit sharing and payroll taxes) for delivery employees, 2) trucking rentals and payments to public carriers for warehouse sales (transportation cost on direct sales should be charged to cost of goods sold), 3) vehicle taxes, licenses and insurance, 4) portion of occupancy expense (rent, heat, power) allotted to vehicle storage, 5) gas, oil, tires, etc., 6) vehicle depreciation, repairs and maintenance, and 7) UPS and parcel post for warehouse sales.
Office	34	Office includes, a-Personnel: Typists, office machine operators, accounting department employees and managers, data processing employees and managers, general office employees, teletype and switchboard operators, office managers and office personnel. b-Accounts: 1) Salaries, wages and benefits (including pension, profit sharing and payroll taxes) for office employees, excluding Administration (see definition of item 35) and Sales Service Personnel, 2) apportionment of occupancy expense for office area (rent, heat, power), 3) rent or depreciation, repairs and maintenance on furniture, fixtures and equipment, 4) postage for general correspondence, 5) stationery, forms and office supplies, and 6) outside office services.
Administration	35	Administration includes, a-Personnel: Executives of the company, branch managers and those charged with the overall management, financial and credit policies of the business, including their personal secretaries and assistants. b-Accounts: 1) Salaries and benefits (including pension, profit sharing and payroll taxes) of administrative employees (less compensation attributable to other activities), 2) apportionment of occupancy expense for executive space (rent, heat, power), 3) rent and depreciation, repairs and maintenance on furniture, fixtures and equipment, 4) general liability insurance employee bonds and other insurance (exclusive of employee benefits), 5) telephone, telegraph and teletype expenses exclusive of sales and office activities, 6) bad debt, credit and collection expenses, 7) legal, auditing, consulting and directors' fees, 8) taxes exclusive of Federal Income Taxes and payroll taxes, 9) membership dues and subscriptions, 10) donations, and 11) executive entertainment and travel.

Sales Service	36	Sales service includes, a-Personnel: Advertising, merchandising, mill order, inventory, order desk, traffic, sample department personnel and purchasing agent. b-Accounts: 1) Salaries and benefits for sales service employees including managers (exclusive of compensation attributable to other significant activities), 2) apportionment of occupancy expense (rent, heat, power), 3) catalogs, samples and direct-mail advertising and samples, 4) postage and messenger service on advertising and samples, 5) media advertising, 6) telephone, telegraph and teletype related to selling, 7) salesmen's equipment and supplies, and 8) sales service personnel travel and entertainment.
Selling	37	Selling includes, a-Personnel: Outside salesmen, sales management and trainees. b-Accounts: 1) Salaries, commissions, bonuses and benefits (including pension, profit sharing and payroll taxes) paid for sales produced (includes attributable portion of executive and other salaries), 2) apportionment of occupancy expense (rent, heat, power), 3) automobile allowances, 4) travel and entertainment, and 5) incidental expenses.
Invoice Line Item		On each invoice a line item is each product item shipped. (A separate worksheet providing the guidelines for establishing the number of line items your firm handles per year is attached for your convenience).

GUIDELINES FOR FIRMS UNABLE TO REPORT ON FISCAL YEAR BASIS

The National Paper Trade Association, Inc., recommends that each member participating in the PAR Program, report financial information based on their most recent fiscal year. If, however, the fiscal year does not permit such reporting, or if the firm feels that more timely information is needed, NPTA recommends that the firm follow one of the following methods: 1) provide data from the four most recent quarterly reports, 2) use data from the previous twelve month period, although not necessarily a fiscal year, 3) use twelve most recent monthly reports, or 4) take information from fiscal year in progress and prorate the remaining months using prior year trends as a guideline.

Worksheet to Determine Weighted Average Number of Line Items

	Line No.	Printing Whse (A)	Printing Indirect (B)	Printing Whse & Ind. (C=A+B)	Printing Direct (D)	Indust. Whse (A)	Indust. Indirect (B)	Indust. Whse & Ind. (C=A+B)	Indust. Direct (D)
Block #1: Total Line Items	1								
Block #2: Total Line Items	2								
Total A (Line 1 + Line 2)	3								
Average Line Items For Total A (Total A ÷ 100)	4								
Block #3: Total Line Items	5								
Total B (Line 3 + Line 5)	6								
Average Line Items For Total B (Total B ÷ 150)	7								
Block #4: Total Line Items	8								
Total C (Line 6 + Line 8)	9								
Average Line Items For Total C (Total C ÷ 200)	10								

To determine the weighted average number of line items shipped per order by sampling, it is necessary to review prior orders for each major sector of the business. For survey purposes, define a line item as: Each product item shipped.

Orders may be reviewed in blocks of 50 until the average number of line items per order stabilizes and it can be assumed that the average represents a statistically valid figure.

Start by selecting 50 consecutive orders from 1-3 months old and 50 more from 5-8 months old for *each major sector.* Count the number of line items shipped (as defined above) on each. Insert these figures on the first and second lines of the above calculation form.

Add lines 1 and 2 to obtain the Total A or line 3. Divide the total on line 3 by 100 to determine the average number of line items per order in each category, and enter on line 4.

Select another representative block of 50 orders for *each major sector.* Again, count the line items on these orders and write the number on line 5. Add lines 3 and 5 to get the total; write on line 6. Divide this total by 150 to get the average number of line items per order for the three batches (line 7). If lines 4 and 7 are within 10% of each other, the figure on line 7 can be assumed to show a valid average number of line items and can be used to calculate expense rates.

If lines 4 and 7 vary by more than 10% for any category, choose another block of 50 representative orders for that category and complete lines 8, 9 and 10. If the averages on line 7 and 10 are within 10%, use this figure for expense calculation. Continue the sampling in this manner until the average number of line items stabilizes.

MISCELLANEOUS SECTION

NOTE: In order to develop new kinds of management information to meet the changing needs of paper merchanting, this Miscellaneous Section was planned to test the members' interest in, and ability to support, new kinds of management information for possible inclusion in future PARs. The items listed here are experimental and not integral parts of the PAR. Members are asked to answer these questions to the best of their ability making reasonable estimates where necessary. Completing these questions is wholely at the option of responding companies. Companies not completing these questions will receive their PARs; companies completing these questions will receive the resulting company and industry information in addition to their PARs; and, companies not completing these questions will receive the resulting industry information in addition to their PARs.

SECTION A: Backhaul Revenue[1]

310	Revenue from Backhaul (Estimate if necessary)	[8]	$ _____

SECTION B: Cash-And-Carry Retail Sales[2]

		Printing Paper Sales		Industrial Paper Sales		Total Paper Sales	
320	1981 Net Sales, After Returns & Allowances	[64]	$ _____	[69]	$ _____	[141]	$ _____
321	1981 Cost of Goods Sold	[65]	$ _____	[150]	$ _____	[142]	$ _____
322	1981 Gross Trading Margin	[68]	$ _____	[96]	$ _____	[143]	$ _____
323	1980 Net Sales, After Returns & Allowances	[39]	$ _____	[44]	$ _____	[149]	$ _____

(1) In completing line item 310, separate and report backhaul revenues that may be included in the operating statement, i.e., in line items 30-72; do not report line items 30-72 less backhaul revenues.

(2) In order to explore Cash-And-Carry Retail Sales, merchants operating Cash-And-Carry Retail Sales outlets are asked to complete Section B. a) Merchants operating Cash-And-Carry outlets as profit centers separate from wholesaling and accounting for retailing separately from wholesaling should report available retail data in completing Section B. b) Merchants operating Cash-And-Carry Retail Sales but accounting for it under wholesaling should estimate retail data in completing Section B; the estimated retail amounts should not be subtracted from the wholesale data that is reported in line items 1-15 and 20-24.

SECTION C: Commodity and Customer Class Market Analysis

LINE ITEM NO.	PRINTING PAPER COMMODITY CLASSES	MFI ID#	PERCENTAGE OF TOTAL SALES
351	Free Sheet, c-2-s:	[230]	_____%
352	Business Papers, Sulphite/Sulphate: Including: chemical wood pulp writing papers Excluding: cotton fiber	[231]	_____%
353	Free Sheet, uncoated: Including: uncoated book Excluding: chemical wood pulp writing papers	[232]	_____%
354	Groundwood, c-2-s:	[233]	_____%
355	Bleached Bristol: Including: index, tag and coated bristol	[234]	_____%
356	Business Papers, cotton fiber: Excluding: chemical wood pulp writing papers	[235]	_____%
357	Other (making 100% when added to the above):	[236]	_____%
	Total:		100%

LINE ITEM NO.	PRINTING PAPER CUSTOMER CLASSES	MFI ID#	PERCENTAGE OF TOTAL SALES
361	Commercial Printers: Excluding: inplant printers and quick copiers	[237]	_____%
362	Inplant Printers:	[238]	_____%
363	Quick Copiers:	[239]	_____%
364	Business Forms Manufacturers:	[240]	_____%
365	Business Office Buyers: Including: printed stationery and business forms; and, specification sales if possible Excluding: inplant printers and quick copiers	[241]	_____%
366	Book Publishers:	[242]	_____%
367	Governmental Agencies: Including: all levels of government, such as, public schools	[243]	_____%
368	Other (making 100% when added to the above):	[244]	_____%
	Total:		100%

SECTION C: Commodity and Customer Class Market Analysis

LINE ITEM NO.	INDUSTRIAL PAPER COMMODITY CLASSES	MFI ID#	PERCENTAGE OF TOTAL SALES
371	Sanitary Papers and Personal Service Disposables: Including: paper products used in the washroom or for other personal application Excluding: products listed elsewhere in this survey	[245]	_____%
372	Food Service Disposables: Including: products used in the preparation, serving and storage of meals Excluding: products used by food processors, meat packers and other bulk food operations for distribution through food channels	[246]	_____%
373	Industrial Packaging Supplies and Equipment: Including: tapes, films, cartons and other packaging materials including products used by supermarkets, food processors and meat packers Excluding: products lised elsewhere in this survey	[247]	_____%
374	Janitorial Supplies and Equipment: Including: products used exclusively in housekeeping functions Excluding: products lised elsewhere in this survey	[248]	_____%
375	Retail/Matched Packaging: Including: products sold to retailers for customer packaging Excluding: products listed elsewhere in this survey	[249]	_____%
376	Health Care Disposables: Including: products used exclusively by hospitals, nursing homes, clinics, etc. Excluding: products listed elsewhere in this survey	[250]	_____%
377	Other (making 100% of sales):	[251]	_____%
	Total:		100 %

LINE ITEM NO.	INDUSTRIAL PAPER CUSTOMER CLASSES	MFI ID#	PERCENTAGE OF TOTAL SALES
381	Food and Food Services: Excluding: food processors, meat packers, and supermarkets	[252]	_____%
382	Fast Food Outlets:	[253]	_____%
383	Health Care Institutions: Including: hospitals, nursing homes, clinics, etc.	[254]	_____%
384	Industrial Manufacturers:	[255]	_____%
385	Public Institutions: Including: all levels of governmental agencies Excluding: food and health care institutions listed above	[256]	_____%
386	(Other) Retail Business: Including: department stores and supermarkets Excluding: fast food stores	[257]	_____%
387	(Other) Service Industries: Including: cut size users Excluding: food and health services	[258]	_____%
388	Other (making 100% of sales):	[259]	_____%
	Total:		100%